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Van Horen, F.

2010

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citation for published version (APA)

Van Horen, F. (2010). *Breaking the mould on copycats: What makes product imitation strategies successful?* [PhD-Thesis – Research and graduation external, Tilburg University].

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BREAKING THE MOULD ON COPYCATS:

WHAT MAKES PRODUCT IMITATION STRATEGIES SUCCESSFUL?



FEMKE VAN HOREN



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Breaking the mould on copycats:

What makes product imitation strategies effective?

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Cover design: Simon Kee

Book sleeve printed by Ridderprint Offsetdrukkerij B.V., Ridderkerk

This research was funded by the Tilburg Institute for Behavioral Economics
Research (TIBER)

ISBN/EAN : 978-90-76269-87-0

BREAKING THE MOULD ON COPYCATS:

WHAT MAKES PRODUCT IMITATION STRATEGIES SUCCESSFUL?

Proefschrift

ter verkrijging van de graad van doctor
aan de Universiteit van Tilburg
op gezag van de rector magnificus,
prof.dr. Ph. Eijlander,

in het openbaar te verdedigen ten overstaan van een
door het college voor promoties aangewezen commissie
in de aula van de Universiteit
op vrijdag 24 september 2010 om 10.15 uur

door
Femke van Horen
geboren op 19 juli 1977 te Deurne

Promoteres: Prof.dr. Rik Pieters
Prof.dr. Diederik A. Stapel

Promotiecommissie: Prof.dr. Margaret C. Campbell
Prof.dr. Els Gijsbrechts
Prof.dr. Thomas Mussweiler
Prof.dr. Luk Warlop
Prof.dr. Marcel Zeelenberg

*To the three strong women in my family:
my grandmother Nellie,
my mother Liesbeth,
and my sister Neeltje*

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CHAPTER 1

GENERAL INTRODUCTION

If you copy, copy well (proverb)

It is December 2009. I visit the exhibition “Turner and his masters”, on display in the Tate Britain museum in London. This special exhibition is set up to shed new light on the famous painter William Turner by showing how he openly emulated many of the great masters, like Titian, Rembrandt, and Rubens, to obtain success. By presenting the original paintings next to Turner’s “imitations”, the exhibition reveals how Turner copied those who came before him and whom he admired so much. The most prominent painting, featured on the cover of the exhibition’s catalogue, is Turner’s ‘Dutch boats in a Gale’, which is clearly inspired by Willem van de Velde de Jonge’s painting ‘A rising Gale’ (see Figure 1.1).

Figure 1.1 *Left: A rising Gale – Willem van de Velde de Jonge (1672), Right: Dutch boats in a Gale – William Turner (1801)*¹



The display of these two paintings side by side perfectly illustrates how Turner free-rides on the artistic ideas and craftsmanship of his predecessor. But while he imitates the main subject and the background theme, he claims his own brand of painting by portraying the ship listing to the port side instead of starboard side and by introducing more contrast between light and shadow, thus accentuating the power

¹ All images in Chapter 1 can be found in full color on <http://www.femkevanhoren.nl/chapter1.html>

of the sea and heightening the drama. Even though it is risky to copy the work of others (as the accusation of being a cheap imitator is easily made), Turner managed to imitate the masters successfully by copying their work subtly instead of blatantly. In 1804, when Turner's painting was displayed in an exhibition next to the original painting, fellow artist Benjamin West stated that "the juxtaposition makes the earlier picture look *brittle*" (Solkin, 2009, p. 99). This confirms that the subtle imitation technique helped Turner rather than hurt him even when his painting was displayed next to the original.

Turner is not alone in imitating his predecessors for his own success. Frequently employed in both the arts and sciences, imitation is often even encouraged by some of our most respected artists. As Pablo Picasso noted: "Bad artists copy, good artists steal", and the 18th-century French writer and philosopher Voltaire stated: "Originality is nothing but judicious imitation. The most original writers borrow from one another". Others, however, perceive imitation as intolerable and unacceptable. Herman Melville, writer of *Moby Dick*, once proclaimed: "It is better to fail in originality, than to succeed in imitation".

Imitation, despite being both encouraged and criticized, is nonetheless a widespread phenomenon. It is applied in the high arts and to a large degree in business, too. In many product domains, successful brands like Louis Vuitton, Rolex, Apple, and Alessi are frequently imitated in a more or less blatant fashion. In 2007 the Plagiarius museum in Solingen, Germany, opened its doors exhibiting over 300 original products and their imitations to show how prevalent the use of the imitation strategy is in consumer products. The exhibition demonstrates Levitt's (1966) early observation that most of what we might see as "new" in the marketplace is not new at all but "innovative imitation". In the supermarket, too, where packaging plays an important role in influencing consumers' decisions, imitations are abundant. By using an imitation strategy (also known as "copycatting"), brands try to appear as

good as the successful national leader brands in an attempt to compete with them and eat away their market share and profitability.

Research demonstrates that copycatting is indeed a deliberate and frequently used strategy. A survey in the United States showed for instance that half of the store brands were similar to a leader brand package at least in color, size, and shape (Scott-Morton & Zettelmeyer, 2004). Sayman, Hoch, and Raju (2002) observed blatant package imitation in one third of 75 categories of packaged goods. Furthermore, recent newspaper headlines like “The supermarket is a museum of imitation” (NRC Handelsblad, 2008), “Packaging differences between national leader brands and store brands is fading” (Parool, 2010), and “Packaged to look like the national leader brands, store brands overpower their expensive competitors” (Volkskrant, 2009), indisputably show that copycats are gaining ground.

Thus, like Turner, copycat manufacturers try to increase their sales and become successful by imitating their predecessors. But what makes imitation strategies successful? The above proverb, “If you copy, copy well,” invites the key question: What exactly does “copy well” mean? Of course, this is the \$64,000 question (or more) and I do not claim that this dissertation will provide a clear-cut answer. I do hope, however, to offer new insights into when copycat strategies are likely to be effective and why. I will show that the effectiveness of a copycat strategy is not only determined by sheer package similarity, but is critically dependent on the context in which the copycat is evaluated. Thus, whether a copycat is liked and purchased is not only affected by how similar the overall appearance (‘trade-dress’) of the copycat looks to the leader brand but is also dependent on where the copycat is sold (e.g., in which store) and how it is presented at the point-of-purchase (e.g., next to the leader brand or not). Furthermore, I will demonstrate that, contrary to the prevailing opinion, highly similar imitations are not necessarily the most successful imitations and that it often works better, like Turner, to adopt a more subtle imitation strategy.

Before elaborating in this chapter on the factors determining whether and when a copycat strategy is likely to be effective, I will first introduce the topic of copycatting: how do we define imitation, what are the consequences of copycatting, and how do consumers perceive copycat products.

IMITATION DEFINED

As the concept of imitation is widely used, it is important to clarify what we are talking about when we talk about imitation (dEUS, 2006; Murakami, 2008; Stapel, 1997). Imitation is defined as the act of copying or deriving something from an original and refers to someone or something that closely imitates or mimics another person or product. It is of importance to distinguish between direct copies (counterfeiting) and imitations (copycats). Counterfeits are fakes, and are defined as products that are exact replicas of other (highly valued) branded products (Bian & Moutinho, 2009; Lai & Zaichkowsky, 1999; Nia & Zaichkowsky, 2000; Wilcox, Kim, & Sen, 2009). These knockoffs are often produced illegally, are inexpensive, and are generally of low quality (e.g., a supposed “Adidas” bag purchased for 10 dollars at the night market in Bangkok). Copycats or lookalike products, on the other hand, are products that look similar to other products but are not identical (Zaichkowsky, 1995, 2006). They resemble the trade-dress of the originals, which are often national leader brands, by imitating the visual features of the original brand, like the brand name, graphics, colors, lettering, and design (Balabanis & Craven, 1997; Mitchell & Kearney, 2002).

The focus of this dissertation is on copycats, not counterfeits. Copycats are present in many different product domains, such as chairs, greeting cards, clothing, and cars, but in this dissertation I will limit myself to copycat products in the fast moving consumer goods industry, that is, supermarket products. Examples of copycats in this industry are for instance, the soft drink powder concentrate “Cup-o-Cola” that imitated the brand name of the soft drink “Coca-Cola” (The Coca-Cola Company

v. Clay, 1963), the energy drink “Bull Fighter” that closely resembled the energy drink “Red Bull” not just in brand name but also by using the same red-blue color combination and by displaying a bull on its package design (Bull Fighter v. Red Bull, 2003), and “Darrell Lea” chocolate that imitated the purple wrapper of “Cadbury’s” chocolate (Cadbury Schweppes Ltd. v. Darrell Lea Chocolate Shops Ltd., 2008). But how are the imitated original brand and the consumer affected by the existence of such copycats?

CONSEQUENCES OF COPYCATTING

Because copycats are increasingly prevalent in the supermarket, the legislative and marketing literature has examined the effects of copycat products on both the original brands and consumers. In addition, rules and regulations are outlined to protect original brands against trademark infringement.

In legal terms, copycatting is a form of unfair competition or misleading commercial practice, which is unlawful under U.S. legislation (Lanham Act) and under EC legislation (Trade Marks Act). Legal proceedings on trade-dress infringement against a copycat brand are made when 1) the trade-dress of the original brand is distinctive, i.e., the public strongly associates it with the trademark and 2) the similarity between the original brand and the copycat causes a likelihood of confusion. Confusion can manifest itself in two ways: consumers may accidentally purchase the copycat rather than the original brand (direct confusion) or they may be mistaken or deceived about the source or origin of the product (indirect confusion). Thus, when a puma is depicted on the toe of a shoe that has not been produced by shoe manufacturer Puma, consumers may believe that that company manufactured these shoes (Puma v Sabel, 1997). In addition to causing confusion, the copycat may also profit from imitation by taking unfair advantage of the distinctive character or reputation of the original brand. In cases of free-riding, the original brand’s properties like its

quality, performance and reliability, are transferred and misattributed to the copycat (Zaichkowsky, 1995; 2006).

Independent of the benefits for the copycat, imitation may also affect the original brand through dilution, which refers to the damaging effects to the distinctive character of the original brand (blurring) or its reputation (tarnishment) (Morrin & Jacoby, 2000; Morrin, Lee, & Allenby, 2006; Pullig, Simmons, & Netemeyer, 2006). Dilution by blurring points to instances in which the unique associations of the original brand are weakened due to imitation. For instance, the distinctiveness of the pink trade-dress of “Vanish Oxi Action” is reduced when other laundry detergents start using the same color pink in their packaging. Dilution by tarnishment points to instances in which the good reputation of the original brand and positive associations with it are damaged, due to the derogatory connotations brought to mind by imitation. For instance, the use of the brand name “Dogiva” for dog biscuits affects the brand “Godiva” chocolate negatively (Cyntia Grey v. Campbell Soup Co., 1986).

As the key concern regarding trademark infringement in legislation centres on consumer confusion, extant marketing research on product imitation has focused on the demonstration of such confusion (Howard, Kerin, & Gengler, 2001; Loken, Ross, & Hinkle, 1986; Miaoulis & d’Amato, 1977), on consumers’ predispositions to confusion (d’Astous & Gargouri, 2001; Balabanis & Craven, 1997; Burt & Davis, 1999; Foxman, Muehling, & Berger, 1990; Rafiq & Collins, 1996), and on the conceptualization and empirical measurement of confusion (Foxman, Berger, & Cote, 1992; Kapferer, 1995; Mitchell & Papavassiliou, 1999; Simonson, 1994; Walsh & Mitchell, 2005). Loken et al. (1986) showed for instance that the greater the perceived similarity between the copycat and the original brand, the more likely consumers are to think that the two brands are made by the same company. Foxman et al. (1990) investigated the moderating effects of individual characteristics and found that

brand confusion occurred when consumers' familiarity, experience, and involvement with the product were low.

In sum, the consequences of copycatting are regarded, both in court and in the marketing literature, as having a negative impact on the original brand. By imitating the innovations of original brands, copycats avoid the original investments made (time and development costs), whilst enjoying the financial gains from product sales which would otherwise have gone to the original brand. The additional consequence of this process concerns the distinctiveness of the original brand which will ultimately be degraded. While the negative consequences of copycatting are evident for the brands being imitated, it is however less clear whether consumer welfare is impaired by the existence of copycats. Copycats may impair consumer welfare insofar as their similarity to other products causes direct or indirect confusion or deception about product quality. But do consumers themselves perceive copycat products also as predominantly negative?

CONSUMER ATTITUDES TOWARDS COPYCAT BRANDS

The legislative and marketing literature perceives copycats generally as negative, as they damage the marketplace by competing unfairly, causing confusion, and misleading consumers. However, consumers may perceive copycats differently. Remarkably, to our knowledge, no research has investigated what consumers actually think of copycats. Possibly, instead of being confused and feeling deceived, consumers may perceive copycats positively, as their appearance evokes positive and familiar feelings, they execute smart marketing, or they are a good alternative for the expensive leader brand. To address this question, I conducted a survey under a randomly drawn sample of 1046 members of the CentER Data panel of Tilburg University. Participants were given a definition of copycats ("products showing similar aspects in their package designs as other (often leader) brands") and an example. They were then asked to indicate which of the 12 statements (presented in

random order), with a maximum of five, best represented their opinion about this type of product (see Table 1).

Table 1.1 *Percentage agreement with negative and positive statements*

Negative statements	% Yes
These products...	
... free-ride unfairly on the brand equity of another product	55
... cause confusion	48
... try to persuade consumers unconsciously	47
... are just a cheap copy	18
... look similar to other products to conceal bad quality	13
... can't stand on their own legs	8
Positive statements	% Yes
These products...	
... are cheap and have the appearance of the leader brand	34
... execute smart marketing by saving money on product development	30
... are good alternatives for the expensive leader brands	28
... evoke positive emotions, because the package feels familiar	25
... are important for the competition in the market	19
... have a good price/quality ratio	16

These results indicate that consumers indeed think, as pointed out in the literature, that copycats free-ride unfairly, cause confusion, and persuade consumers unconsciously. Interestingly however, the results also indicate that many consumers think rather positively about copycats: they believe copycatting is smart marketing, copycats are a good alternative to the well-known brands, and copycats evoke positive feelings due

to familiarity. In fact, when the average percentage agreement to the positive and negative statements is calculated, the average percentage of positive perceptions towards copycats is nearly as high (26%) as the average percentage of negative perceptions (32%).

Thus, consumers perceive copycats both negatively *and* positively. Apparently, the similarity in package design is sometimes liked and sometimes disliked by consumers. But what determines then whether imitation helps copycats, resulting in a positive evaluation, and when imitation hurts copycats, resulting in a negative evaluation? In other words, when is a copycat strategy effective? In this dissertation I posit and show that the effectiveness of a copycat strategy depends on the package features (what and how much is imitated) and on the circumstances (shopping context) in which the copycat is evaluated.

The remainder of this chapter first outlines how imitation works and why consumers tend to like copycats. Then, based on knowledge accessibility theories, it explains how this liking can turn into disliking. Finally, the specific factors determining the effectiveness of a copycat strategy are introduced.

WHY COPYCATS ARE LIKED

The frequent appearance of imitations on the shelves of supermarkets (Finch, 1996) indicates that the usage of a copycat strategy must at least sometimes be effective. But what makes it work?

An important precondition for copycats to be effective is similarity with the leading brand, as a connection or relation is required to make the leading brand relevant for the evaluation of the copycat. Thus, when a newly introduced soft drink will be sold in an oval shaped bottle with a yellow label and black lettering, similarity with the “Coca Cola” bottle is so low that it is unlikely that knowledge about “Coca Cola” will be used to evaluate the new product. Similarity is often defined by the extent to which two products have common or shared features and the extent to which they have distinctive features that are not shared

(Johnson, 1989; Medin, Goldstone, & Gentner, 1993; Tversky, 1977). Similarity creates overlap between two objects and plays an important role in the transfer of knowledge and affect from one object to another (Fazio, 1986).

Similarity can cause transfer of knowledge, due to the way concepts and categories (e.g., brands) are represented in memory. Brands are represented as a network of connected associations, consisting of brand attributes, benefits, and attitudes (Keller, 1993; Krishnan, 1996; Roedder John, Loken, Kim, & Basu Monga, 2006). Companies invest heavily to establish strong, favorable, and unique brand associations, often through the creation of idiosyncratic trade-dresses (Aaker, 1991; Broniarczyk & Alba, 1994; Keller, 1993). As information is encoded in memory as a pattern of linkages between concept nodes (Anderson, 1993; Collins & Loftus, 1975), activation of a product attribute can automatically spread to other associated product attributes and benefits. Thus, when the copycat imitates aspects of the trade-dress that are strongly associated with the leader brand, exposure to the copycat will make knowledge and affect associated with the leader brand accessible in the consumer's mind (Pullig et al. 2006).

The extent to which the representation of the leader brand and its associated knowledge becomes accessible is dependent on amount, strength and uniqueness of associations. The more accessible the leader brand knowledge is, the more likely that transference of performance, reliability, quality, or some other favorable meaning associated with the leader brand to the copycat will take place (Finch, 1996; Loken et al., 1986; Zaichowsky, 2006). When such transference occurs, the similarity between exterior physical aspects of the two trade-dresses is generalized to infer similarity of product quality, thus similarity-quality inferences are being made (Collins-Dodd & Zaichowsky, 1999). Ward, Loken, Ross, and Hasapopoulos (1986) demonstrated that different brands with similar packages are indeed rated as similar in quality and perceived performance, which in turn positively influenced the evaluation of the lookalike product.

Evaluation of copycats may be based on the accessibility and transference of leader brand knowledge, but also on inferences derived from “cognitive feelings” activated through similarity, which are metacognitive interpretations of affective experiences (Jacoby, Kelley, & Dywan, 1989; Petty, Brinol, Tomrala, & Wegener, 2007). One such feeling is familiarity, which people interpret as indicating that something is known or remembered. Feelings of familiarity often occur after repeated exposure (Zajonc, 1968). These “mere-exposures” generate a feeling of familiarity that transfers to a preference for the stimuli or product (Janiszewski, 1993). For instance, letters in one’s own name are evaluated more positively than other letters, due to higher exposure (Nuttin, 1987). Another such cognitive feeling activated through similarity involves the subjective experience of fluency. People sometimes base their judgment on the ease with which information can be processed or retrieved from memory (Schwarz et al., 1991; Schwarz, 2004). According to the processing fluency model, prior exposure to a product enhances the ease with which consumers can process the product. This experience of fluency is misattributed to the product itself and gives rise to a host of positive responses like feelings of beauty, quality, and safety (Novemsky, Dhar, Schwarz, & Simonson, 2007; Reber, Schwarz, & Winkielman, 2004; Song & Schwarz, 2009).

In sum, depending on the amount of aspects being imitated and the strength and uniqueness with which these aspects are associated with the leader brand, more positive leader brand knowledge will become accessible and feelings of familiarity and fluency will increase, resulting in a positive evaluation of the copycat. This would indicate that the evaluation of the copycat would increase uniformly with the amount of associations that are strongly and uniquely related to the leader brand. But is it indeed the case that when leader brand knowledge and affect becomes more accessible, the evaluation of the copycat will be more positive? Based on knowledge accessibility theories, I posit and show that this is not the case.

WHEN IS A COPYCAT STRATEGY EFFECTIVE?

Through similarity in trade-dress, a copycat activates leader brand associations, making positive leader brand knowledge more accessible. Research in social cognition has shown that the cognitive accessibility of information is an excellent predictor of its impact on subsequent judgments, feelings, choices, and behaviors (see Stapel & Suls, 2007). Evaluation of the copycat might result in assimilation towards activated leader brand knowledge, or in contrast away from such knowledge. When assimilation occurs, a lookalike peanut butter, for example, would be evaluated as closer to the Skippy peanut butter and would be judged as creamy and of high quality, resulting in positive copycat evaluation. Yet, when contrast occurs, the same lookalike peanut butter would be displaced away from the Skippy peanut butter and would be judged as less creamy and of low quality, resulting in negative evaluation. Thus, accessible leader brand information can influence the direction of copycat evaluation. But what determines then whether the copycat strategy will be effective, resulting in a positive evaluation (assimilation), or ineffective, resulting in a negative evaluation (contrast)?

Over the years, several models have been developed to explain when assimilation or contrast effects occur, and why. The Selective Accessibility Model (SAM, Mussweiler, 2003, 2007) is a comparison model of assimilation and contrast effects. When people, after a holistic similarity assessment, compare the target with the context and focus on similarities, assimilation will emerge, whereas when they focus on dissimilarities, contrast is likely to occur. For example, when context and target belong to the same category (e.g., both belong to the ingroup), then people are likely to engage in similarity testing. When context and target belong however to a different category (e.g., ingroup versus outgroup), then people are likely to engage in dissimilarity testing (Mussweiler & Bodenhausen, 2002). Another factor determining whether people will search for similarities or dissimilarities between context

and target is the extremity of the comparison standard (Mussweiler, Rüter, & Epstude, 2004).

In the inclusion/exclusion model (IEM, Schwarz & Bless, 1992; Bless & Schwarz, 2010) the direction of the information's influence (assimilation versus contrast) depends on the way this information is categorized. Inclusion of the information in the representation of the target results in assimilation, whereas exclusion of information from the target results in contrast. According to the model, several variables, such as category width (Bless & Wänke, 2000), presentation and judgment order (Schwarz, Strack, & Mai, 1991), and representativeness of the information (is it relevant to the target of judgment) (Bless & Schwarz, 1998) influence the way people categorize contextual information. The recently developed global/local processing style model (GLOMO, Förster, Liberman, & Kuschel, 2008) extends the IEM and theorizes that global processing increases the likelihood of seeing context and target as one entity (i.e., inclusion) and hence the occurrence of assimilation, whereas local processing increases the likelihood of seeing context and target as separate entities (i.e., exclusion) and hence the occurrence of contrast.

The Interpretation Comparison Model (Stapel, 2007; Stapel & Koomen, 2000, 2001) posits that when accessible context information is used as an interpretation frame to make sense of an ambiguous person or situation, assimilation is a likely outcome, whereas when accessible context information is used as a comparison standard against which the person is evaluated, contrast is more likely to occur. For assimilation to occur, the information made accessible by the contextual information should be diffuse (e.g., priming an abstract trait "intelligent") and should be applicable (Higgins, Rholes, & Jones, 1977) to guide the interpretation of the ambiguous target. For contrast to occur, the contextual information should be distinct (e.g., priming the person exemplar "Einstein") (Stapel & Koomen, 2000; Stapel & Winkielman, 1998). Other characteristics of accessible knowledge that may trigger comparison processes and

thus contrast are categorical similarity between accessible information and target information (Stapel & Koomen, 1997) and the extremity of accessible knowledge (Stapel, Koomen, & Van der Pligt, 1997).

Of the above models predicting when assimilation or contrast occurs and why, the ICM model and its *distinctness* notion seems to be the most relevant for understanding when copycat strategies are likely to be successful. Distinctness is high when specific exemplars of a category are activated, such as *Skippy peanut butter*, *Apple Iphone*, or *Emporio Armani Night for her*, but it is low when more abstract, diffuse information such as *creamy*, *trendy*, or *sensual* is activated. When copycats call to mind a distinct representation of the leader brand with relatively clear object boundaries, the leader brand is more likely to be used as a comparison standard, which will increase the likelihood of contrastive evaluations (Stapel & Koomen, 2000; 2001; Stapel, Koomen, & Velthuijsen, 1998). When the copycat activates more diffuse, abstract information, a wide array of associations will be activated that are not explicitly linked to the copied leader brand. Then the representation of the leader brand is less distinct and more diffuse, and is less likely to be used as a comparison standard. As a consequence, the activated leader brand knowledge is more likely to spill over (Murphy & Zajonc, 1993) and fill in (Schwarz & Bless, 1992) the representation of the copycat, resulting in assimilation.

Besides being used as a comparison standard, a clear and distinctly activated representation of the leader brand can also heighten consumers' awareness of the imitation practices employed by the copycat, against which consumers may show reactance (Campbell & Kirmani, 2000; Wegener & Petty, 1995, 1997). In a multitude of studies it has been shown that when people are aware of the contaminating influences of contextual factors, the use of this information will be avoided. This happens for instance when consumers realize that their positive affective feelings originate from the leader brand and not the copycat. People will then correct their judgment for the expected assimilative effect, shifting

their judgment in the reverse direction, resulting in a contrast effect (Martin, 1986; Maringer & Stapel, 2008; Stapel, Martin, & Schwarz, 1998; Wegener & Petty, 1995; Wilson & Brekke, 1994).

The essence of corrections rests in the meta-cognitive evaluation of something as good or bad, wanted or unwanted, appropriate or inappropriate (Petty, Brinol, Tormala, & Wegener, 2007). When consumers perceive the imitation strategy of the copycat as an unwanted and inappropriate persuasion tactic used by marketers they are likely to correct for it. Research suggests that people develop naïve theories about persuasion, including theories on what strategies to use to resist unwanted influence (Boush, Friestad, & Wright, 2009; Friestad & Wright, 1994; Wegener & Petty, 1995). The persuasion knowledge model (Friestad & Wright, 1994) predicts that consumers will show reactance when they suspect that attempts have been made to influence their judgment or attitude. Thus, in addition to using the distinct representation of the leader brand as a comparison standard, resulting in a negative evaluation of the copycat, a distinctly activated leader brand may heighten consumers' awareness of the imitation tactics being used, for which consumers will correct their initial positive evaluation of the copycat in the negative direction.

If the distinctness of the representation of the leader brand plays a pivotal role predicting copycat effectiveness and success, what then makes a representation more distinct or less distinct? In the second and third chapter of this dissertation I will show that package similarity and evaluation mode contribute importantly to the perceived distinctness of the leader brand. Packaging similarity determines the distinctness of the leader brand, because the amount of aspects being imitated and the strength and uniqueness of associations with which these aspects are associated with the leader brand will activate leader brand knowledge to a greater or lesser degree. When a copycat of Puma sneakers activates many associations that are all directly and strongly linked to Puma, a distinct representation (*trendy, black Puma sneakers with white lines*

made of soft leather) will be brought to mind. However, when the Puma copycat activates associations that are not all exclusively linked to Puma (*trendy, soft, black*) the representation of the leader brand will be more diffuse. Package similarity between copycat and leader brand activates a distinct or diffuse representation of the leader brand by varying either the *amount* of imitation (how much is imitated, Chapter 2) or the *type* of imitation (what is imitated, Chapter 3).

Package similarity is most often defined and operationalized by the *amount* of aspects being imitated (e.g., Kapferer, 1996; Loken et al., 1986; Mitchell & Kearny, 2002; Tversky, 1977; Zaichkowsky, 2006). When many aspects of the leader brand's trade-dress are imitated, a greater number of common nodes (Pullig et al., 2006; Punj & Moon, 2002; Warlop, Ratneshwar, & Van Osselaer, 2005) are activated. This increases the amount of associations directly linked to the leader brand. Then a distinct representation of the leader brand will become accessible, which is likely to result in contrast. When fewer aspects are imitated by the copycat, a smaller number of directly linked associations will be activated, and only a diffuse representation of the leader brand will become accessible, resulting in assimilation. Thus, a copycat brand name ("Bortelli") that has taken over many letters of the name of the leader brand ("Bertolli"), is likely to activate a more complete and distinct mental representation of the leader brand Bertolli, as compared to a copycat brand name that has taken over less letters ("Castelli").

Besides the *amount* of imitation, package similarity may however also be operationalized by *type* of imitation, referring to the *specific* aspects that are imitated. Similarity is then not defined by the amount of direct associations that are activated due to shared aspects of the two package-designs, but by the strength and uniqueness with which the imitated aspects are associated with the leader brand. This definition implies that similarity between copycat and leader brand can be high when only a few aspects are imitated that are however very strongly and uniquely

associated with the leader brand. Copycats may show similarity with the leader brand in two qualitatively different ways (Miceli & Pieters, forthcoming): either by directly imitating the distinctive perceptual features of the leader brand (e.g., Milka chocolate bar's distinctive purple wrapper), or by imitating the inferred attribute (theme) of the leader brand (e.g., the freshness of Alpine milk communicated by Milka chocolate, see Figure 1.2). When a copycat imitates the distinctive features that are strongly and uniquely associated with the leader brand, it is more likely that a distinct representation of the leader brand will be activated, resulting in contrast. Imitation of the inferred attribute, on the other hand, is more likely to activate a wide array of associations that are only indirectly linked with the leader brand and will therefore retrieve a more diffuse representation of the leader brand, resulting in assimilation.

Figure 1.2 *Type of imitation: Milka example*



Milka original package



Imitation of direct features of Milka



Imitation of inferred attribute of Milka

Thus, package similarity – how much is imitated (amount) and what is imitated (type) – calls to mind a more or less distinct representation of the leader brand. However, when package similarity itself does not retrieve a representation distinct enough to result in contrast, the context in which the copycat is presented (e.g., how products are positioned

on the shelves) might provide the additional push needed for contrast to emerge.

Chapter 2 shows that whether assimilation or contrast occurs depends, in juxtaposition with package similarity, largely on evaluation mode (comparative or noncomparative; Oakley, Duhachek, Balachander, & Sriram, 2008; Olsen 2002). A comparative evaluation mode refers to evaluations that are made in the presence of a comparison point. Then, the product is evaluated against a comparative other product (“How do you like product X compared to product Y?”) and evaluation will be guided by direct comparisons (Hsee, 1996; Hsee, Loewenstein, Blount, & Bazerman, 1999; Nowlis & Simonson, 1997). Noncomparative evaluations, on the other hand, are evaluations made in the absence of such a comparison point. Then, references to other brands or products are lacking and evaluation occurs in isolation (“How do you like product X?”).

A comparative mode is likely to be activated when the leader brand is present, rather than absent, during copycat evaluation or when the copycat is evaluated from a lawyer perspective, rather than a consumer perspective. When the copycat and leader brand are presented side-by-side, comparisons are more likely to be instigated, resulting in contrast, whereas this is less the case when the leader brand is absent. In addition, when a lawyer perspective is taken, spontaneous comparisons between copycat and leader brand will also be more likely. The main task of lawyers specialized in intellectual property law is to judge whether the copycat looks too similar to the leader brand and will thus spontaneously compare the trade-dresses of the two brands. When, on the other hand, a consumer perspective is taken, the focus is instead on the merits of the copycat itself and attention is directed towards the experience of the copycat as such, making comparisons less likely.

In Chapter 4 a different stance is taken. Above it is posited that when the cognitive representation of the leader brand is distinct (depending on package similarity and evaluation mode), contrast emerges, which

results in a dislike of the copycat. However, there may be situations in which consumers like copycats, even when a highly distinct leader brand representation is activated. This may occur when consumers are uncertain about which choice to make (Campbell & Goodstein, 2001; Dowling & Staelin, 1994; Urbany, Dickson, & Wilkie, 1989). When the context induces uncertainty about product quality (while in a foreign country, for example), consumers tend to seek additional information to reduce these feelings of uncertainty and to search for familiar cues that signal quality (Dawar & Parker, 1994; Kirmani & Rao, 2000). Because the packaging of a blatant copycat in particular shows many similarities with that of a well-known product, they may provide the familiar cues that consumers rely on when feeling uncertain during decision-making. This would result in a positive evaluation of the blatant copycat, despite the fact that a distinct representation is likely to be activated by such blatant imitation.

OVERVIEW OF THIS DISSERTATION

What makes a copycat strategy effective? In the present dissertation I propose that a copycat's success depends on similarities in the packaging of copycats and leading brands (amount *and* type of imitation) as well as the contextual circumstances in which the copycat is evaluated (elicitation of comparative mode or induction of uncertainty). In contrast to the majority of the research on copycatting (Kapferer, 1995; Simonson, 1994; Walsh & Mitchell, 2005), this dissertation concentrates on the effectiveness of a copycat strategy due to free-riding on positive associations instead of on confusion. Even though confusion is an important consequence of a copycat strategy, it is often unlikely that consumers will be confused when the copycat and leading brand, although similar, also show clear differences (Warlop & Alba, 2004; Szymanowski, 2009). This is especially the case for supermarkets' store brands that often imitate leader brands, but have developed a distinguishable trade-dress for their own products across categories.

Due to the focus on confusion, the extant literature on copycatting has concentrated solely on the effects of package similarity and emphasized the threat of highly similar copycats (Foxman et al., 1992, Kapferer, 1995; Zaichkowsky, 2006). By examining the mechanisms underlying copycat effectiveness beyond confusion, this dissertation contributes to the existing literature in several ways. First, it demonstrates the conditions under which extreme forms of copycatting, instead of being more threatening, backfire and *reduce* consumer appeal. This indicates that in contrast to the general view in the literature that the degree of similarity and copycat evaluation are linearly related (Loken et al., 1986; Miaoulis & d'Amato, 1978, Simonson, 1989), they are actually curvilinearly related. Second, and connected to this, this dissertation reveals that subtler forms of copycatting free-ride more effectively on the leader brand's equity, resulting in a more positive evaluation. Subtle imitation increases positive affective feelings, but the activated representation of the leader brand will not be distinct enough to be used as a comparison standard or to heighten awareness of the imitation tactics being used. This is important as such subtle imitations generally go undetected by consumers and are largely disregarded in court (Mitchell & Kearney, 2002). Third, this dissertation demonstrates that in addition to addressing the effect of *how much* is imitated (little versus much) (Balabanis & Craven, 1997; Burt & Davis, 1999; Howard et al., 2000; Warlop & Alba, 2004), it is also advisable to address the effect of *what* is being imitated (inferred benefit and value versus specific features). Fourth, it shows that copycat evaluation depends not only on the sheer degree of similarity, but also on the circumstances under which the copycat is evaluated (e.g., where the copycat is sold and whether it is presented next to the leader brand or not). Moving beyond the effects of mere packaging similarity in an isolated context (Kapferer, 1995) is important because "similarity depends on context and frame of reference" (Tversky, 1977, p. 304).

These different issues are addressed in three empirical chapters. Chapter 2 demonstrates that the general view emerging from the literature that increased similarity with the leader brand uniformly increases the evaluation of the copycat is only valid when noncomparative copycat evaluation takes place. However, when a comparative evaluation takes place – for instance when the leader brand is present, rather than absent, or when a lawyer, rather than a consumer perspective, is taken – high similarity copycats are liked less, whereas moderate similarity copycats are liked more. The effects were replicated in four different product categories using student samples and a household panel (Dutch consumers), which attest to the robustness of the results. These results contribute to the existing literature by showing the circumstances under which extreme copycats lose and subtle copycats gain.

Chapter 3 investigates, in addition to *how much* is imitated (the amount of imitation), whether *what* is imitated (the type of imitation) influences copycat evaluation. Based on the perception literature, we distinguish between feature-based copycats and theme-based copycats (Miceli & Pieters, forthcoming). We hypothesize however that, contrary to what common practice would imply, feature-based copycats are less effective because the explicit imitation of distinctive features activates a distinct representation of the leader brand. This in turn heightens consumers' awareness of the insincere tactics being used, resulting in a negative evaluation. Such awareness is less likely, however, when abstract themes, which are more diffuse and less tangible, are imitated. The positive feelings evoked by similarity will then be used to interpret the copycat, resulting in a positive evaluation. In four studies, using different categories of products, we find that, consistent with this hypothesis, theme-based copycats are evaluated more positively and chosen more often, than feature-based copycats and visually differentiated products. These results add to the literature in that it shows that imitation type matters and that, although it goes against common practice, imitating abstract themes is a more effective strategy.

Chapter 2 and 3 focus on how different degrees of similarity between copycat and leader brand (how much is imitated and what is imitated) determine copycat evaluation. Chapter 4 investigates instead how specific shopping contexts influence the evaluation of the same copycat. In Chapter 4 the idea is tested that copycats are liked when the shopping context induces uncertainty about the quality of products, whereas they are disliked when the context induces certainty. In uncertain situations copycats can profit from their similarity with the leader brand as they provide the familiar cues consumers rely on when feeling uncertain. The results show, consistent with this hypothesis, that in situations that evoke uncertainty (e.g., being abroad or shopping in a discount store), copycats are preferred to visually differentiated brands, whereas the opposite is true in situations where consumers are certain about product quality (being at home or shopping in a high-end store). It is further demonstrated that this effect is mediated by a reliance on familiar cues and emerges even when consumers are fully aware that a copycat strategy is being used. These findings add to the literature by showing that copycats can function as uncertainty-reducing devices and that besides packaging features, evaluation of copycats is critically dependent on the circumstances under which the copycat is evaluated. Furthermore it indicates that awareness of imitation strategies does not necessarily lead to a contrast effect.

The last chapter summarizes and integrates the empirical findings. It outlines the contributions of this dissertation to the existing research on copycatting and elaborates on the new findings. Further, it discusses the implications of the studies in a broader context, and provides some suggestions as to how consumers, marketers, and lawyers can apply the insights provided by this dissertation.

CHAPTER 2

WHEN HIGH SIMILARITY COPYCATS LOSE AND MODERATE SIMILARITY COPYCATS GAIN:

THE IMPACT OF COMPARATIVE EVALUATION

This chapter is based on Van Horen, F., Pieters, R., & Stapel, D.A. (2010a). When high similarity copycats lose and moderate similarity copycats gain: The impact of comparative evaluation. *Submitted for publication.*

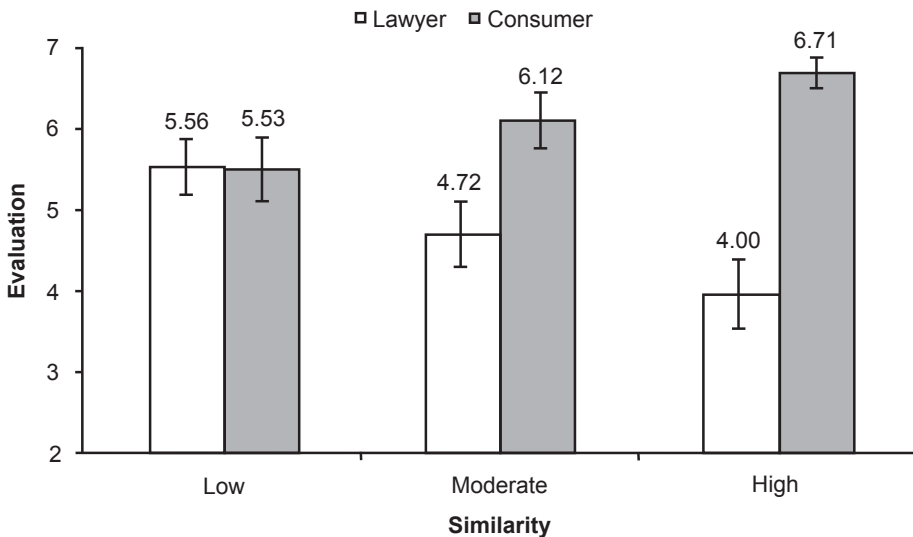
Copycats imitate the name, logo and/or package design of a leading national brand to take advantage of the latter's positive associations and marketing efforts. When the copycat is too similar to the trademark, the parties trading in the copycat can be guilty of trademark infringement. A trademark is infringed when there exists a likelihood of confusion on the part of the public (Trademarks Directive, Article 5(1)(a)), or when the use of the copycat would cause for the trader to take unfair advantage of, or be detrimental to the distinctive character or the reputation of the trademark (Trademarks Directive, Article 5(1)(b)). Copycatting practices are abundant. A survey of national US supermarkets found that half of the store brands imitated a leader brand package at least in color, size and shape (Scott-Morton & Zettelmeyer, 2004), and trade loss due to trademark infringement was in 2004 alone estimated at \$512 billion (Zaichkowsky, 2006).

Marketing research and the legislative literature on trademark infringement have emphasized the threat of high similarity copycats (Morrin & Jacoby, 2000), based on the prevailing idea that the greater the copycat-leader brand similarity, the higher consumer confusion and the liking of the copycat (Loken, Ross, & Hinkle, 1986; Warlop & Alba, 2004). This has led to further research focusing on the demonstration of confusion caused by high similarity copycats (Howard, Kerin, & Gengler, 2000; Miaoulis & d'Amato, 1978), on consumers' predispositions to confusion (Foxman, Muehling, & Berger, 1990), and on deriving metrics of consumer confusion (Kapferer, 1995; Simonson, 1994). And it is typically these cases of high similarity copycatting which are brought to court (Collins-Dodd & Zaichkowsky, 1999; Mitchell & Kearney, 2002).

Thus, the current understanding in the marketing literature and in legislation is that high similarity copycats are considered to be the most damaging to leader brands. Take, for example, the judgment of lawyers specialized in intellectual property that we surveyed in a small pilot study at the conference for Trademark and Design Law in the Netherlands. Eighteen lawyers were asked to evaluate three professionally developed packages with respectively low, moderate or

high similarity with the leader brand¹. During evaluation both the leader brand and the copycat were displayed. The lawyers were asked to evaluate the copycats on a scale from 1 (*negative*) to 9 (*positive*) from their own perspective (as a lawyer specialized in intellectual property), and from the perspective of a consumer. As Figure 2.1 illustrates, evaluation of the three copycats differed significantly across perspective (repeated measures ANOVA; $F(2, 32) = 11.00, p < .001, \eta_p^2 = .41$). From their own perspective, lawyers evaluated the high similarity copycat least positively, the low similarity copycat most positively, and the moderate similarity copycat in between. However, lawyers believed that consumers would evaluate the high similarity copycat most positively, the low similarity copycat least positively and the moderate in between.

Figure 2.1 *Influence of perspective on copycat evaluation: Pilot study among lawyers (N = 18)*



Note. Scale ranges from 1 low to 9 high. Error bars indicate +/- one standard error of the mean.

¹ See Study 2.2 for further details of the stimuli used.

These results illustrate that lawyers indeed perceive high similarity copycats as the most threatening, because they believe that consumers will evaluate these copycats most positively. But, do consumers always evaluate high similarity copycats positively? And, is it always the case that high similarity copycats free-ride the most on the equity of national leader brands? In the present research we propose, contrary to the general belief in marketing and trademark law, that consumers often evaluate high similarity copycats negatively instead of positively, and that moderate similarity copycats are evaluated more positively than high similarity copycats are. We predict that this occurs when comparative, rather than noncomparative, evaluation takes place and the copycat is directly compared with the leader brand. Then, high similarity copycats profit less, whereas moderate similarity copycats profit more.

Three controlled studies that systematically varied the degree of similarity between copycat and leader brand, using brand names (Studies 2.1 and 2.3) and professionally developed package designs (Study 2.2), support this hypothesis. This chapter reveals that high similarity copycats are not always as threatening as often believed and demonstrates that moderate similarity copycats can be as, or even more threatening than high similarity ones. The studies point out that more subtle copycatting practices are in need of greater attention from brand management and trademark legislation.

EVALUATION MODE INFLUENCES COPYCAT EVALUATION

Suppose that you are in a supermarket, facing a shelf stacked with jars of peanut butter and you are ready to make a choice. You see the leading brand Skippy and next to it another brand which looks very similar. The jar is of a similar material and size, with the same light-blue lid, an identical colored blue label, displaying the same red lettering and a similar name. How would you evaluate this copycat brand?

The evaluation of a copycat might be positive when it is assimilated towards the positively evaluated leader brand, or it might be negative

when it is contrasted away from the leader brand. Assimilation occurs when accessible information guides the interpretation of target stimuli (e.g., Stapel, 2007). Thus, when the positive associations activated by the similarity with the leader brand are interpreted and included into the representation of the copycat, the look-alike peanut butter brand will be evaluated more positively and closer to the Skippy brand, than a dissimilar other brand would. Contrast, on the other hand, occurs when information is used as a comparative standard in evaluation (Herr, 1989; Stapel, Koomen, & Velthuijsen, 1998). Thus, when the positively evaluated Skippy brand is used as a comparison standard, the look-alike peanut butter will be displaced away from the Skippy brand and the copycat will be evaluated negatively. Copycats pale compared to high quality leader brands and are readily unmasked as “cheap imitations” (Carpenter & Nakamoto, 1989).

But what determines whether assimilation or contrast occurs? That is, what determines whether references to a leader brand help copycats and lead to more positive evaluations or hurt them and lead to more negative evaluations? We propose that how evaluation takes place, plays a pivotal role in the direction of copycat evaluation. Evaluations may take place in a noncomparative or a comparative mode (Oakley, Duhachek, Balachander, & Sriram, 2008; Olsen, 2002). Noncomparative evaluations are evaluations made in absence of a comparison point. Then, references to other brands or products are lacking and evaluation occurs in isolation (“How do you like product X”). Comparative evaluations on the other hand, are made in the presence of a comparison point: the product is evaluated against a comparative other product and evaluation will be guided by direct comparisons (“How do you like product X compared to product Y?”). These different evaluation modes in turn influence attitudes, purchase intentions and behavior (Hsee, 1996; Nowlis & Simonson, 1997).

We propose that when copycat evaluation takes place noncomparatively and no references are made to the imitated leader brand, evaluation is likely to be guided by the activation of positive associations attached

to the leader brand, resulting in a positive evaluation of the copycat. Thus, noncomparative evaluations are likely to help rather than to hurt the copycat. When copycats are evaluated comparatively and the copycat is directly evaluated against the imitated leader brand, the leader brand will be used as a comparison standard, which will result in a negative evaluation of the copycat. Thus, comparative evaluations are likely to hurt rather than to help the copycat. The question then arises which factors determine whether or not copycats are evaluated comparatively or noncomparatively.

DETERMINANTS OF EVALUATION MODE

We examine two factors that determine if a copycat will be evaluated comparatively or noncomparatively. The first factor is the perspective a person takes during copycat evaluation (lawyer versus consumer). Lawyers specialized in intellectual property have, due to their role, a natural tendency to evaluate copycats comparatively, whereas consumers will be less inclined to do so. The main task of lawyers when advising on trademark infringement matters is to judge if the package design of a copycat looks too similar to a leader brand (Mitchell & Kearney, 2002). To assess the similarity between the copycat and the leader brand, the features of the copycat need to be compared directly with the features of the leader brand (Tversky, 1977). Thus, lawyers will more readily and more spontaneously compare the copycat with the leader brand when executing their task asking themselves: “Is this package acceptable?”, which will increase the likelihood of contrastive judgments. Consumers on the other hand, while shopping, are less inclined to evaluate copycats comparatively, as their focus will be on the merits of the copycat itself and the utility it provides. They will determine the copycat’s usefulness for purchase asking themselves: “Would this product fit my goals and needs?”. Then, consumers act as intuitive economists (Tetlock, 2002) and attention will be directed towards the experience of the copycat as such (Epstein et al., 1996). Direct comparisons between the copycat

and leader brand will not be made, which will increase the likelihood of assimilative judgment.

And indeed, the results of our pilot study indicate that lawyers, who were asked to evaluate the three copycats from their own perspective, evaluate copycats more *negatively* with increasing degrees of similarity, expressing the comparative mode. When lawyers were asked to take the perspective of a consumer, they believe that consumers will evaluate copycats more *positively* with increasing degrees of similarity, assuming that consumers evaluate copycats noncomparatively.

But do consumers always evaluate copycats noncomparatively? We believe that this is not the case. We argue that consumers are as likely as lawyers to evaluate copycats comparatively when the leader brand is present during copycat evaluation, and propose that presentation format of products at point of purchase is a second factor that importantly determines if evaluation is comparative or noncomparative. When two products are presented side-by-side, they will be more readily and more spontaneously compared with each other, than when a product is presented in isolation (Hsee, 1996; Muthukrishnan & Ramaswami, 1999). Thus, when the leader brand and the copycat are placed next to each other on the store shelf, and are in the same visual field during copycat evaluation, it is more likely that comparative evaluation will take place. When the copycat and leader brand are placed on different shelves, or in different parts of the store, or even in different stores, direct references to the leader brand are absent and it is more likely that noncomparative copycat evaluation will occur. Therefore, we predict that when the leader brand is present, rather than absent at point-of-purchase, consumers will be likely to engage in comparative evaluation, resulting in contrastive judgment of the copycat.

COMPARATIVE EVALUATION AND DEGREE OF SIMILARITY

We propose however that not all degrees of similarity will be affected equally under comparative evaluation. More specifically, we predict that

only when similarity between copycat and leader brand is high, direct comparisons between the copycat and leader brand will lead to negative evaluation, but this will not be the case when similarity is moderate. It is well-known in social judgment (e.g. Sherif & Hovland, 1961) that when two stimuli are highly similar on many dimensions, they are more readily and more intensely compared, than when they are similar on only a few dimensions. A male Harvard educated lawyer who works in London's Financial District is more likely to be spontaneously and automatically compared to other Harvard educated lawyers who work in London's Financial District than to Tilburg educated economists who work in Chapel Hill, North Carolina. Similarly, apples and oranges are less likely to be compared to each other than apples and apples (Kahneman & Miller, 1986; Stapel & Koomen, 1997).

Thus, when similarity is high and there is much overlap between leader brand and copycat on many dimensions, the leader brand will be perceived as a *relevant* comparison standard. Consequently, the leader brand will be used as a comparative standard when evaluation is comparative, resulting in a negative evaluation of the high similarity copycat. When similarity is moderate on the other hand, there is limited overlap between leader brand and copycat. The leader brand will then not be perceived as relevant and will not be used as a comparison standard, even when evaluation is comparative. Instead, the positive associations, activated due to the resemblance of the moderate similarity copycat with the leader brand, will be transferred and "included" (Schwarz & Bless, 1992) in the representation of the copycat, resulting in a positive evaluation.

In sum, we predict that increasing degrees of similarity will help copycats and lead to more positive evaluations when evaluation is noncomparative. However, when evaluation is comparative, high similarity copycats will be evaluated negatively instead of positively, whereas the evaluation of moderate similarity copycats will be unaffected. Evaluation will be noncomparative when the perspective of a consumer

is taken and the leader brand is absent. Evaluation will be comparative when the perspective of a lawyer is taken or the leader brand is present. In presence of the leader brand, consumers are as likely as lawyers to evaluate the copycat comparatively.

Hypothesis 1 tests whether liking of high similarity copycats is dependent on the occurrence of comparative evaluation, prompted when a lawyer's perspective is taken, or when the leader brand is present during copycat evaluation. We first focus on how evaluation mode affects the evaluation of high similarity copycats in comparison with low similarity copycats. We test:

H_1 : When evaluation is noncomparative (comparative) high similarity copycats will be evaluated more positively (negatively) than low similarity copycats. Specifically, from a lawyer perspective, high similarity copycats are evaluated less positively than low similarity copycats are, independent of leader brand presence. From a consumer perspective, copycat evaluation is dependent on brand presence: high similarity copycats are evaluated more positively than low similarity copycats, when the leader brand is absent. High similarity copycats are evaluated less positively than low similarity copycats when the leader brand is present.

Thus, high similarity copycats will gain from their resemblance when evaluation is noncomparative, but will lose when evaluation is comparative. Hypothesis 2 tests whether only high, but not moderate, similarity copycats will be negatively affected when evaluation is comparative. Therefore we add, in addition to the low and high similarity copycat, a moderate similarity copycat. We predict that consumers like high similarity copycats most when evaluation is noncomparative, but that moderate similarity copycats are liked most when evaluation is

comparative: a moderate degree of similarity shields copycats from contrastive comparisons (as the leader brand will not be perceived as a relevant comparison standard), but ensures transfer of positive associations. We test:

H₂: Similarity is linearly related to copycat evaluation when evaluation is noncomparative, but curvilinearly related when evaluation is comparative. Specifically, we predict that from a consumer perspective, high similarity copycats are evaluated more positively than moderate and low similarity copycats when the leader brand is absent. Moderate similarity copycats are evaluated more positively than low and high similarity copycats when the leader brand is present.

The three studies presented in the present chapter test these hypotheses, using student samples (Study 1 and 2) and a representative sample of consumers (Study 3), using brand names (Study 1 and 3) and packages (Study 2) as brand trademarks. For generalization, we include three different product categories. Empirical support for these hypotheses would imply that high similarity copycats are liked less, whereas moderate similarity copycats are liked more, when comparative evaluation takes place.

STUDY 2.1 PROMPTING COMPARATIVE EVALUATION

Study 2.1 tests whether evaluation mode, in addition to degree of similarity, influences copycat evaluation (Hypothesis 1). We propose that a comparative evaluation mode is activated when a lawyer's perspective is taken and when the leader brand is present. Although we focus on these two factors, it is likely that a comparative mode is prompted in other situations as well. For example, when the leader

brand is a pioneer in the product category and its trade-dress is highly accessible (Carpenter & Nakamoto, 1989; Robinson & Fornell, 1985), or when consumers are likely to process information by brand (Bettman, Luce, & Payne, 1988). We will return to this issue in the general discussion. In this study, similarity was manipulated using brand names, as many cases of trademark infringement deal with brand naming².

METHOD

Participants and design. One hundred undergraduate students (66 males and 34 females, age $M = 20.17$, $SD = 2.17$) participated in return for a monetary compensation of 4 Euros. They were randomly assigned to the conditions of a 2 (similarity: low, high) \times 2 (perspective: consumer, lawyer) \times 2 (brand presence: absent, present) mixed design, with similarity as within-participant factor and perspective and brand presence as between-participants factors. The brand names were randomly presented to rule out order-effects.

Stimuli. The product category “olive oil” was selected with Bertolli as the incumbent brand. Bertolli is the local market leader with a strong reputation and has a distinctive and unique brand name. For stimulus development, 30 brand names were created. Based on a pre-test ($N = 45$), six out of the 30 brand names (three names per similarity condition) were selected that did not differ in attractiveness (seven-point scales, $M_{\text{Low}} = 4.18$, $SD = 1.15$ and $M_{\text{High}} = 4.47$, $SD = .75$, $t(43) = -.97$, $p = .34$). The three selected brand names in the low similarity condition were “Lucini”, “Santini” and “Malzani” and in the high similarity condition were “Vintolli”, “Bastolli” and “Bertino”. A second pre-test ($N = 40$) established that the degree of similarity was successfully manipulated: low similarity brand names were rated as less similar to the leader brand Bertolli (seven-point scales, M_{Low}

² (see www.darts-ip.com, last accessed July 2010)

= 2.20, $SD = 1.15$), than the high similarity brand names ($M_{\text{High}} = 4.57$, $SD = .90$), $t(43) = -12.21$, $p < .001$. Thus, the two conditions differ significantly from each other in similarity, but not in overall attractiveness, which is desirable.

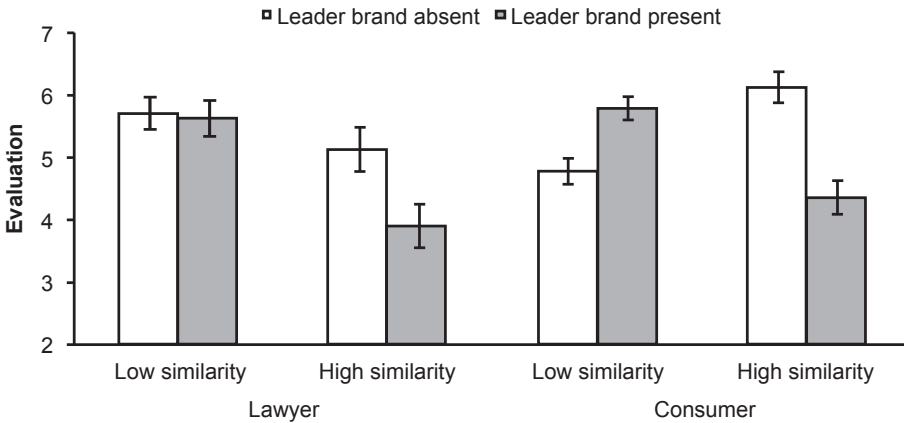
Procedure and measures. Upon arrival, participants were seated in front of a computer in a sound attenuated, dimly lit cubicle. Participants were told that a new olive oil would soon enter the market, but it did not yet have a brand name. Participants were told that several brand names would be presented on the computer screen and were asked to evaluate each of the names. In the “consumer perspective” condition, participants were asked to imagine themselves in the supermarket, wanting to buy olive oil. They were instructed to imagine that they, as a consumer, “... would consider buying olive oil with this particular brand name” when evaluating the brand name. In the “lawyer perspective” condition, participants were asked to assess whether “... a particular brand name was acceptable” when evaluating the brand name. In the “leader brand present” condition, participants read in addition that Bertolli was the leader brand in the product-category olive oil. Next, participants were asked to evaluate the six brand names while only the new brand name (“leader absent” condition) or the brand name and the leader brand (“leader present” condition) were presented on the screen, on a nine-point scale ranging from 1 (*negative*) to 9 (*positive*). Finally, participants indicated brand importance, from 1 (*not important at all*) to 9 (*very important*), their familiarity with the brand Bertolli, from 1 (*not familiar at all*) to 9 (*highly familiar*), their buying frequency of the brand Bertolli from 1 (*never*) to 9 (*very often*) and their evaluation of the brand Bertolli from 1 (*negative*) to 9 (*positive*).

RESULTS AND DISCUSSION

A 2 (similarity) x 2 (perspective) x 2 (brand presence) repeated measures ANOVA revealed a significant effect of brand similarity, $F(1,$

96) = 8.64, $p = .01$, $\eta_p^2 = .08$ and brand presence, $F(1, 96) = 7.62$, $p = .01$, $\eta_p^2 = .07$, but no effect of perspective, $F(1, 96) = .88$, $p = .35$, $\eta_p^2 = .009$. The results showed further a significant interaction between perspective and similarity, $F(1, 96) = 7.18$, $p = .01$, $\eta_p^2 = .07$ and brand presence and similarity, $F(1, 96) = 23.43$, $p < .001$, $\eta_p^2 = .20$. More importantly, these effects were, consistent with Hypothesis 1, qualified by a three-way interaction between brand similarity, perspective and brand presence $F(1, 96) = 3.75$, $p = .05$, $\eta_p^2 = .04$ (see Figure 2.2).

Figure 2.2 *Influence of brand similarity, perspective, and presence of the leader brand on copycat evaluation*



Note. Scale ranges from 1 low to 9 high. Error bars indicate +/- one standard error of the mean.

For the “lawyer perspective” condition, the effect of similarity was, as hypothesized, significant, $F(1, 48) = 12.83$, $p = .001$, $\eta_p^2 = .21$. The interaction between similarity and presence was marginally significant, $F(1, 48) = 3.43$, $p = .07$, $\eta_p^2 = .07$. Planned contrasts showed that in both the leader brand absent and the leader brand present condition, high similarity brands were evaluated more negatively ($M_{\text{Absent}} = 5.15$, $SD = 1.71$; $M_{\text{Present}} = 3.91$, $SD = 1.79$) than low similarity brands ($M_{\text{Absent}} = 5.71$, $SD = 1.12$; $M_{\text{Present}} = 5.65$, $SD = 1.49$), $F(1, 48) = 1.44$, $p = .24$, $\eta_p^2 = .03$, $F(1, 48) = 15.37$, $p < .001$, $\eta_p^2 = .24$, respectively.

For the “*consumer perspective*” condition the results revealed, as hypothesized, no effect for similarity, $F(1, 48) = .044, p = .83, \eta_p^2 = .001$. As hypothesized, the results further revealed a significant interaction between similarity and brand presence, $F(1, 48) = 29.85, p < .001, \eta_p^2 = .38$. Planned contrasts showed that in the leader brand absent condition high similarity brands were, as predicted, evaluated more positively ($M = 6.13, SD = 1.31$) than low similarity brands ($M = 4.80, SD = 1.00$), $F(1, 48) = 13.80, p < .001, \eta_p^2 = .22$. In the leader brand present condition on the other hand, high similarity brands were, as predicted, evaluated more negatively ($M = 4.37, SD = 1.40$) than low similarity brands ($M = 5.81, SD = .99$), $F(1, 48) = 16.10, p < .001, \eta_p^2 = .25$.

Planned contrast between the perspective conditions showed in addition that the high similarity copycat was evaluated more positively from a “consumer perspective” than from a “lawyer perspective” when the leader brand was absent, $F(1, 47) = 5.08, p = .03, \eta_p^2 = .10$. However, when the leader brand was present, the high similarity copycat was evaluated as negatively from a “consumer” perspective as from a “lawyer” perspective, $F(1, 49) = 1.06, p = .31, \eta_p^2 = .02$. The control variables, brand familiarity, brand importance, buying frequency and evaluation of the leader brand Bertolli, did not affect copycat evaluation when entered as covariates, which is desirable.

These results support Hypothesis 1: when the perspective of a lawyer is taken and people have to judge the acceptability of a copycat, a comparative evaluation mode is activated, resulting in a negative evaluation of high similarity copycats, independent of brand presence. When the perspective of a consumer is taken and the leader brand is absent, evaluation is noncomparative and the focus is on the merits of the copycat itself, resulting in a higher liking of high similarity copycats. However, when the leader brand is present, evaluation is comparative and consumers will use the leader brand as a comparative standard, resulting in lower liking of high similarity

copycats. In fact, consumers then evaluate high similarity copycats as negatively as lawyers do when the leader brand is present. Thus, contrary to the belief of the lawyers in our pilot study, consumers only evaluate high similarity copycats positively when evaluation is noncomparative (i.e. when the leader brand is absent), but evaluate them negatively when evaluation is comparative (i.e. when the leader brand is present).

STUDY 2.2 WHEN MODERATE BRAND SIMILARITY IS MORE EFFECTIVE

Study 2.2 tests the second hypothesis that when the leader brand is *absent* high similarity copycats are evaluated more positively than their low and moderate counterparts, but when the leader brand is *present*, moderate similarity copycats are evaluated more positively than high and low similarity copycats are. In Study 2.2 professionally developed package designs were used to generalize the findings to features beyond the brand name that are important at the point-of-purchase and which are under marketing's control.

METHOD

Participants and design. Sixty-five undergraduate students (41 males and 24 females, age $M = 20.1$, $SD = 2.44$) participated in return for a monetary compensation of 4 Euros. They were randomly allocated to a condition of a 3 (similarity: low, moderate, high) x 2 (brand presence: absent, present) mixed design, with similarity as within-participant factor and brand presence as between-participants factor. Presentation order of copycats was counterbalanced to rule out order-effects.

Stimuli. A professional design company created images of three packages of fictitious brands within the product category “spreadable butter with olive oil”. The three packages varied in degree of similarity to the package of Bertolli, the leading brand within this product category (see Figure 2.3).

Figure 2.3 *Stimuli used in Study 2*³

Leader brand



High similarity brand



Moderate similarity brand



Low similarity brand

A pre-test ($N = 43$, between subjects, none participating in the main study) established that the three packages did not differ in overall attractiveness, ($M_{\text{Low}} = 3.64$, $M_{\text{Mod}} = 4.59$ and $M_{\text{High}} = 4.64$, on a seven-point scale), $F(2, 41) = 2.23$, $p = .12$, but did differ in degree of similarity. Participants were asked to place the three copycats on a line of 100 cm at a distance from the leader brand positioned at the 100 cm end-point, with higher numbers reflecting higher similarity. Repeated measures ANOVA revealed a main effect across the three brands, $F(2, 88) = 264.38$, $p < .001$. The high similarity copycat was placed closer to the leader brand (80.89) than the moderate (58.30) and low similarity copycats (32.07) (planned contrast all $ps < .05$). This indicates that degree of similarity was manipulated successfully.

³ For full colored images of the stimuli shown in Chapter 2, see <http://www.femkevanhoren.nl/chapter2.html>

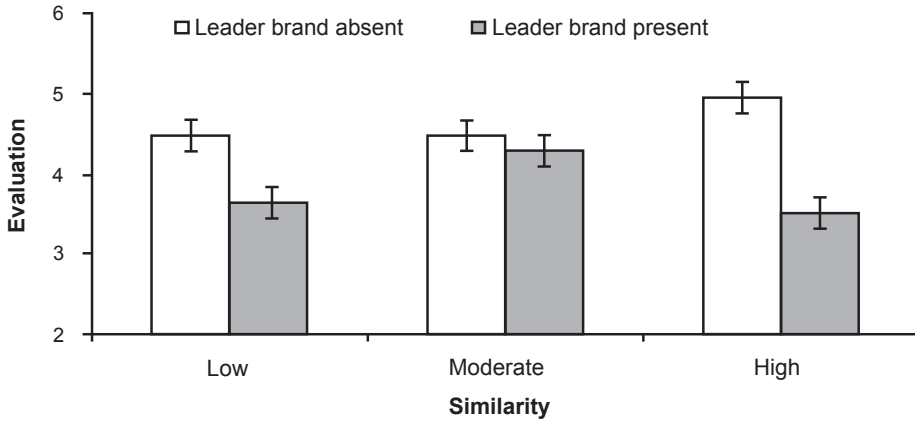
Procedure and measures. General set-up was the same as in Study 2.1. Participants were told that it was the aim of the study to assess their evaluation of new products in a certain product category. In the “leader brand absent” condition, participants saw the packages of the three copycats displayed on the screen for 10 seconds. Next, they were asked to evaluate the three copycats on four semantic differentials with seven-point response alternatives (*bad-good*, *unattractive-attractive*, *uninteresting-interesting*, *negative-positive*) to form the evaluation measure ($\alpha > .90$). No further references were made to the leader brand during evaluation. In the “leader brand present” condition, participants first saw the three copycats and the leader brand presented on the screen. After, they were asked to evaluate the three copycats while the package of the leader brand was displayed simultaneously on the computer screen. Control variables were the same as in Study 1.

RESULTS AND DISCUSSION

A 3 (similarity) \times 2 (brand presence) repeated measures ANOVA revealed no effect of similarity, $F(2, 126) = 1.27$, $p = .28$, $\eta_p^2 = .02$, but an effect of brand presence, $F(1, 63) = 24.50$, $p < .001$, $\eta_p^2 = .28$. In support of Hypothesis 2, this effect was qualified by a significant interaction between brand similarity and leader brand presence, $F(2, 126) = 4.18$, $p = .02$, $\eta_p^2 = .06$ (see Figure 2.4).

For the “*leader brand absent*” condition, planned contrasts showed that the moderate similarity copycat was evaluated as positively ($M = 4.55$, $SD = 1.06$) as the low similarity copycat was ($M = 4.50$, $SD = 1.09$), $F(1, 63) = 0.25$, $p = .87$, $\eta_p^2 = .00$. The high similarity copycat was evaluated more positively ($M = 4.96$, $SD = 1.08$) than the moderate similarity copycat, but only marginally so, $F(1, 63) = 3.03$, $p = .09$, $\eta_p^2 = .05$. For the “*leader brand present*” condition, the moderate similarity copycat was, as predicted, evaluated significantly more positive ($M = 4.30$, $SD = 1.06$) than the low similarity copycat ($M = 3.69$, $SD = 1.40$), $F(1, 63) = 4.36$, $p = .04$, $\eta_p^2 = .07$ and the high similarity copycat ($M = 3.53$, $SD = 1.28$), $F(1, 63) = 9.55$, $p = .001$, $\eta_p^2 = .13$.

Figure 2.4 *Influence of brand similarity and presence of the leader brand on copycat evaluation*



Note. Scale ranges from 1 low to 7 high. Error bars indicate +/- one standard error of the mean

Planned contrasts showed between conditions that the high similarity copycat was evaluated more negatively in the leader brand present condition ($M = 3.53$, $SD = 1.28$) than in the leader brand absent condition ($M = 4.96$, $SD = 1.09$), $F(1,63) = 23.81$, $p < .001$, $\eta_p^2 = .27$, whereas the moderate similarity copycat was evaluated as positively in the leader brand present condition ($M = 4.30$, $SD = 1.06$) as in the leader brand absent condition ($M = 4.55$, $SD = 1.06$), $F(1,63) = .93$, $p = .34$, $\eta_p^2 = .02$. None of the control variables had an effect on evaluation (all F s < 1).

These results support Hypothesis 2. When the leader brand is absent, copycats were evaluated more positively the higher the similarity. However, when the leader brand was present, the moderate similarity copycat was evaluated more positively than both the high and low similarity copycat. When comparative evaluation is prompted by the presence of the leader brand, the evaluation of the high similarity copycat suffers, whereas the evaluation of the moderate similarity copycat is unaffected. These results demonstrate not only that high similarity copycats are liked less, but also that moderate similarity copycats are liked more, when evaluation is comparative.

STUDY 2.3 MODERATE SIMILARITY COPYCATS GAIN AND HIGH SIMILARITY COPYCATS LOSE

Study 2.2 showed that when the leader brand is present and evaluations are comparative, consumers evaluate high similarity copycats negatively instead of positively, whereas moderate similarity copycats are evaluated more positively than high similarity copycats are. To examine if these results are not limited to student samples and to one product category, but generalize to a sample of regular consumers and other product categories, Study 2.3 was conducted. In addition, a willingness to buy measure was included to investigate if the effects on evaluation would transfer to consumers' purchase intentions.

METHOD

Participants and design. A randomly drawn sample of 542 members of a household panel participated in the study. The panel is nationally representative for the Dutch population over 18 years. Panel members receive questionnaires electronically, complete them at home on their computers, and then return them. Participants (281 males and 261 females, age $M = 43.22$, $SD = 10.44$) were randomly assigned to a condition of a 3 (similarity: low, moderate, high) \times 2 (presence of leader brand: absent, present) \times 2 (product category: chocolate spread, French cream cheese) mixed design, with similarity as a within-subject factor and product category and brand presence as between-subjects factors. The brand names were randomly presented to rule out order-effects.

Stimuli. The stimuli were nine brand names, differing in degree of similarity with the leader's brand name. The leader brands Nutella and Paturain were selected and were imitated in their original product category "chocolate spread" and "French cream cheese". The names Nutella and Paturain are well-known in the local market and are distinctive names within the product category. The same procedure as in Study 2.1 was used to create brand names with a low, moderate and high degree of similarity.

Examples of respectively the low, moderate, and high similarity brand names were “Valina”, “Notina” and “Latella” for Nutella and “Racorin”, “Romatain” and “Pitorain” for Paturain. Four separate pretests revealed that the nine selected brand names within each product category (three brand names per similarity condition) did not differ in attractiveness (for chocolate spread: $M_{\text{Low}} = 4.27$, $M_{\text{Mod}} = 4.04$ and $M_{\text{High}} = 3.84$, $F(2, 48) = .96$, $p = .39$, for French cream cheese: $M_{\text{Low}} = 3.24$, $M_{\text{Mod}} = 3.04$ and $M_{\text{High}} = 3.63$, $F(2, 49) = 1.42$, $p = .25$, all on seven-point scales), but did differ in degree of similarity with the leader brand, $F(2, 106) = 408.24$, $p < .001$ and $F(2, 90) = 196.00$, $p < .001$, for “chocolate spread” and “French cream cheese” respectively, which confirmed a successful manipulation of the brand names.

Procedure and measures. Instructions were the same as in the “consumer perspective” condition of Study 2.1. After the participants imagined themselves in the situation of a consumer, they were asked to evaluate 9 brand names for either a new chocolate spread or a new French cream cheese while only the new brand name (“leader absent” condition) or the new brand name and the brand name of the leader brand (“leader present” condition) were presented on the screen, from 1 (*negative*) to 9 (*positive*). In addition, they were asked to indicate their willingness to buy a chocolate spread (French cream cheese) with this brand name, from 1 (*definitely not*) to 9 (*definitely yes*). Finally, socio-demographic information like participant’s age, income, education level and household size was collected.

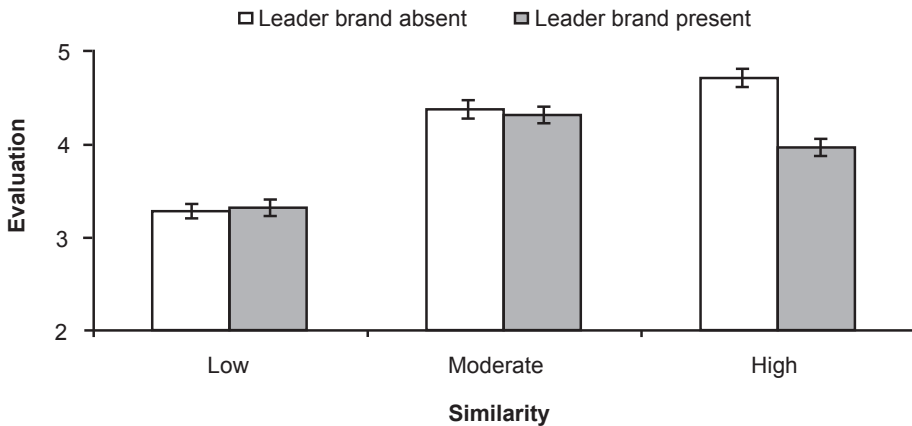
RESULTS AND DISCUSSION

Copycat evaluation. A 3 (similarity) x 2 (presence) x 2 (product) repeated measures ANOVA showed an effect of similarity, $F(2, 1076) = 162.64$, $p < .001$, $\eta_p^2 = .23$, of presence of the leader brand, $F(1, 538) = 7.38$, $p = .007$, $\eta_p^2 = .01$, and of product category, $F(1, 538) = 6.14$, $p = .01$, $\eta_p^2 = .01$. More importantly, in support of Hypothesis 2, the interaction between the presence of the leader brand and brand similarity was significant, $F(2, 1076) = 19.38$, $p < .001$, $\eta_p^2 = .04$. None of the other interactions were significant (all F s < 1). As there were

no significant interactions between product category and any of the other variables, the results were further analyzed over the collapsed product categories.

Over the two product categories, planned contrasts showed that when the leader brand was absent, the high similarity copycat was evaluated more positively ($M = 4.73$, $SD = 1.63$) than the moderate similarity copycat ($M = 4.39$, $SD = 1.54$), $F(1, 540) = 15.07$, $p < .001$, $\eta_p^2 = .03$ and the moderate similarity copycat was in turn evaluated more positively than the low similarity copycat ($M = 3.31$, $SD = 1.30$), $F(1, 540) = 138.45$, $p < .001$, $\eta_p^2 = .20$. When the leader brand was present, planned contrasts showed, consistent with the predictions, that the moderate similarity copycat was evaluated significantly more positively ($M = 4.34$, $SD = 1.43$) than the high similarity copycat ($M = 3.99$, $SD = 1.63$), $F(1, 540) = 14.31$, $p < .001$, $\eta_p^2 = .03$ and than the low similarity copycat ($M = 3.34$, $SD = 1.33$), $F(1, 540) = 104.32$, $p < .001$, $\eta_p^2 = .16$ (see Figure 2.5).

Figure 2.5 *Influence of brand similarity and presence of leader brand on evaluation of copycats in the product categories chocolate spread and French cream cheese (combined)*



Note. Scale ranges from 1 low to 9 high. Error bars indicate +/- one standard error of the mean.

Planned contrasts showed between conditions, that the high similarity copycat was evaluated more negatively in the leader brand present condition than in the leader brand absent condition, $F(1, 540) = 28.20$, $p < .001$, $\eta_p^2 = .05$, whereas the moderate and the low similarity copycats were evaluated as positively in the leader brand present condition as in the leader brand absent condition, $F(1, 540) = .17$, $p = .68$, $\eta_p^2 = .00$ and $F(1, 540) = .05$, $p = .82$, $\eta_p^2 = .00$ respectively.

Willingness to buy. The 2 (product) x 2 (presence) x 3 (similarity) repeated measures ANOVA revealed a similar pattern of results for the willingness to buy measure as for the evaluation measure, with the hypothesized interaction between the presence of the leader brand and brand similarity, $F(2, 1076) = 18.38$, $p < .001$, $\eta_p^2 = .03$. All planned contrasts were significant ($ps < .001$, analyzed over the two product categories).

Socio-demographic variables. For both product categories, the socio-demographic variables, level of education, work/daily activity, family status, household size and income, did not affect evaluations. The control variable 'age of participant' did influence evaluation. When age was included as a covariate, the results revealed a significant interaction between similarity and age $F(2, 1070) = 3.59$, $p = .03$, $\eta_p^2 = .007$. Simple slope analysis revealed that older participants rated the moderate similarity copycat more negatively than younger participants did ($\beta = -.018$, $p = .01$), whereas the evaluation of the low ($\beta = -.004$, $p = .51$) and high similarity copycats ($\beta = .00$, $p = .98$) was not affected by age. However, the predicted similarity x brand presence interaction remained significant, $F(2, 1070) = 3.16$, $p = .05$, $\eta_p^2 = .006$. These results indicate that after inclusion of relevant socio-demographic variables as control variables, the interaction between similarity and leader brand was unaffected, which is desirable.

Study 2.3 provides strong evidence for the hypothesis that high similarity copycats lose and moderate similarity copycats gain when the leader brand is present. The results were consistent across two different product categories and generalized to regular consumers of the Dutch

population, which demonstrates the robustness of the effects. Furthermore, it was shown that these effects do not only hold for evaluation but also transfer to consumers' buying intention of copycats.

GENERAL DISCUSSION

Copycats take unfair advantage of the reputation of leader brands. As one of the lawyers interviewed in our pilot study verbalized it: "Copycats piggy-back on the success of an honestly created product and undermine the innovation and originality of the leader brand." Another lawyer stated: "They coat tail unfairly on the creative efforts and financial investments of the brand owner." The marketing and legislative literatures have typically emphasized the threats of high similarity between copycat and leader brand, rooted in the idea that copycats can coat tail more when they are more similar to the leader brand: the higher the similarity between copycat and leader brand, the higher the liking of the copycat. This chapter shows however that, contrary to the general belief, high similarity copycats are often evaluated negatively. Specifically, we found that when people engage in comparative evaluation, high similarity copycats do not only profit less, but also that moderate similarity copycats profit more. This indicates that high similarity copycats are not always as threatening as often believed, and demonstrates in addition that moderate similarity copycats can be as, or perhaps even more threatening than high similarity ones. Three studies, using samples of students (Study 2.1 and 2.2) and regular consumers (Study 2.3) and using brand names (Study 2.1 and 2.3) and product packages (Study 2.2) as brand trademarks, demonstrated that increasing degrees of similarity with the leader brand, helps copycats and leads to more positive evaluations when evaluation is noncomparative, but that it hurts them and leads to more negative evaluations when evaluation is comparative.

The first study showed that the liking of high similarity copycats as compared to low similarity copycats is dependent on the activation of

comparative evaluation. When the perspective of a lawyer is taken and a comparative evaluation mode is activated, high similarity copycats were evaluated more negatively than low similarity copycats, independent of brand presence. When the perspective of a consumer is taken, copycat evaluation was dependent on the presence of the leader brand. When the leader brand was absent, high similarity copycats were evaluated more positively than low similarity copycats. However, when the leader brand was present and comparative evaluation is activated, high similarity copycats were evaluated more negatively than low similarity copycats. In fact, consumers evaluated high similarity copycats as negatively as lawyers did when the leader brand was present.

Study 2.2 revealed that high similarity copycats are liked most when evaluation is noncomparative and the leader brand is absent, but that moderate similarity copycats are liked most, when evaluation is comparative and the leader brand is present. The evaluation of high similarity copycats suffered under comparative evaluation and was more negative when the leader brand was present, rather than absent, whereas the evaluation of the moderate similarity copycat was unaffected by evaluation mode. Study 2.3 demonstrated the robustness of the finding that high similarity copycats profit less, whereas moderate similarity copycats profit more when the leader brand is present. It demonstrated the generalizability of our results to a representative sample of consumers and to two other product categories. Furthermore, Study 2.3 showed that the effects were not constrained to the evaluation of copycats but could be extended to consumers' purchase intentions. These three studies reveal the benefits to copycats of being less rather than more similar to the leader brand and how evaluation mode determines this.

The findings of this chapter have implications for marketing theory and practice. First, they demonstrate that besides similarity, copycat evaluation is critically dependent on evaluation mode. Previous research on copycat evaluation has demonstrated that consumers evaluate

high similarity copycats most positively (Howard et al., 2000; Loken et al., 1986; Warlop & Alba, 2004). Our research shows that this conclusion requires qualification because the research that it is based on focuses only on similarity between copycat and leader brand. We show however that high similarity copycats are only evaluated positively when evaluation is noncomparative. When evaluation is comparative, consumers' evaluation of high similarity copycats is in fact negative instead of positive. Therefore, the unexpected assimilation (instead of contrast) effect of high similarity copycats found by Warlop and Alba (2004) might be explained by the fact that a combination of degree of similarity and brand presence, instead of similarity alone, is needed to result in contrastive evaluations.

Second, and building on this, the present results point out the perils of zooming in only on the potential harm done by highly similar copycats. Marketing research and legislation have emphasized the threat of high similarity copycats as they confuse and mislead consumers. Zooming in solely on the harm done by more high similarity copycats prevents legislation and marketing from understanding the potential dangers of more subtle forms of imitation. The current findings indicate that moderate similarity copycats can sometimes be more threatening than high similarity copycats. This is important, first because the harmful effects of moderate similarity copycats may remain undetected to consumers, when positive associations from the leader brand become infused into the evaluation of the copycat, even when comparative evaluation is activated. Second, moderate similarity copycats may also remain undetected to trademark legislation, as the packaging of these copycats is not similar enough to the leader brand to prove the likelihood of confusion, and it is likelihood of confusion that trademark legislation focuses on. Cases in which the court has decided on infringement, based only on evidence of the copycat taking unfair advantage of the reputation of a well-known brand, devoid of evidence on likelihood of confusion, are scarce (but see the recent case *L'Oreal S.A. v. Bellure*

N.V., 2008) and often moderate similarity copycats are dismissed as being problematic altogether (e.g., Cadbury Schweppes Ltd. v. Darrell Lea Chocolate Shops Ltd., 2008).

To illustrate the importance of this point, 28 lawyers specialized in trademark infringement (which was a different sample than used in the pilot study), were asked to choose which of the three copycats used in Study 2.2 they would start a lawsuit against. More than one copycat could be chosen. All of them choose the high similarity copycat. More interestingly however, only eight out of the 28 participants indicated that they would also start a lawsuit against the moderate similarity copycat. Thus, 20 out of 28 lawyers conceived the moderate similarity copycat as acceptable enough to be dismissed as a potential candidate for prosecution. Revealing that moderate similarity copycats can indeed fly more easily under the legislative radar.

Third, the present research shows that the possible threat of high similarity copycats may be reduced by simple changes in the shopping arrangements. This suggests that manufacturers of national brands are not solely dependent on the court to protect their brands against coat tailing of high similarity copycats. Because copycat strategies are common among store brands, manufacturers can negotiate with retailers the physical arrangements of products on the shelf, such that the copycat and the leader brand are in the same visual field and comparative evaluation is easily activated. By the same token, retailers have a tool in hand to prevent negative evaluations of high similarity copycats by placing them further away from the leader brand.

There are several avenues for further research. The present results showed how copycats gain or lose from their resemblance to the leader brand in favor of other copycats, but remained silent on the issue how they affect the market sales of the leader brand. Future research may investigate if the market sales of the leader brand will be negatively affected when copycats are evaluated positively, and if the leader brand will be positively affected when the copycat is evaluated negatively. Or

if the evaluation of the leader brand will be unaffected, for instance due to quality assurances of the leader brand, loyalty, or status concerns. However, even when the leader brand is not directly affected by the increase or decrease of the sales of the copycat, copycatting practices can still indirectly be detrimental to the leader brand through trademark dilution (Morrin & Jacoby, 2000; Morrin, Lee, & Allenby, 2006). Trademark dilution harms the leader brand by decreasing its capacity to distinguish, thereby corroding brand equity. As one of our lawyers in the pilot study put it: “Lookalikes carry your home away, brick by brick.”

This chapter add to our knowledge of other factors besides similarity influencing copycat evaluation. We introduced the notion of comparative evaluation, which is more readily and spontaneously set off when a lawyer’s perspective is taken and in shopping situations in which the leader brand is present. We believe however that these are not the only factors influencing the activation of a comparative evaluation mode. The probability that the imitated brand will be used as a comparative standard will depend on the relative accessibility and diagnosticity of the imitated brand. This is likely to be the case when the imitated brand holds a dominant position in the market, for instance when it has the largest market share or when it is the pioneer in the product category (Carpenter & Nakamoto, 1989; Robinson & Fornell, 1985). The imitated brand is also likely to be highly accessible in a consumer’s mind when consumers use the strategy to process alternatives by brand, instead of by attributes (Bettman et al., 1998), or when confronted with a Coca Cola look-alike and a small (“I want a coke”), as opposed to a large (“I want a drink”) category is activated, depending on someone’s shopping goals. Thus, further research may examine other contextual primes and social conditions that may activate comparative evaluation in regular shopping environments. In addition, individual differences in tendencies to be in this evaluation mode could also be explored.

Future research may also investigate in more detail the processes driving copycat evaluation. Our studies cannot fully discern if the reduced evaluation of the high similarity copycats was caused by comparative evaluation and the use of the leader brand as a comparative standard, or by a different process. Perhaps, this evaluation effect is instead driven by correction processes in which a consumer is aware of biasing influence of contextual information (Martin, 1986; Wegener & Petty, 1995) or of the persuasive intents of marketers (Campbell & Kirmani, 2000; Friestad & Wright, 1994) and adjusts its evaluation for these unwanted influences in the opposite direction. If corrective processes are involved and require resources to sustain, then correction could be insufficient or withheld under conditions of cognitive load or depletion, which then would promote more positive rather than negative evaluations of the high similarity copycats. Such research may build on the insights into when high and when moderate similarity copycats take unfair advantage of the reputation of leader brands that we hope the current research has provided.

CHAPTER 3

COPYING THEMES OR FEATURES:

HOW IMITATION TYPE DETERMINES COPYCAT SUCCESS

This chapter is based on Van Horen, F., Pieters, R., & Stapel, D. A. (2010b).
Copying themes or features: How imitation type determines copycat success.
Submitted for publication.

Consumer product companies and retailers often imitate the appearance (or “trade-dress”) of a leader brand to free-ride on the leader brand’s equity. Such a copycatting strategy is deliberate and frequently used, as evidenced by the plethora of copycats one can find in the supermarket. As Sayman, Hoch, and Raju (2002) observed: blatant package imitation occurs in one third of 75 consumer packaged goods categories. Likewise, a survey in the United States found that half of the store brands were similar to a leader brand package at least in color, size and shape (Scott-Morton & Zettelmeyer, 2004). Most of these copycats directly imitate the distinctive perceptual features and specific objects of the leader brand’s trade-dress, such as the lilac color, the creamy-white letter-type, and the Milka-cow of the Milka chocolate brand, or the red oval logo, the classic Roman letter-type, and the golden-brown color wrapper of Bertolli spreadable butter. These are what we call feature-based copycats.

Besides feature-based copycats there are however also copycats that imitate the abstract theme communicated by the leader brand (i.e., the freshness of Alpine milk communicated by the Milka brand, or the traditional olive oil production in Tuscany communicated by the Bertolli brand). Instead of imitating the distinctive perceptual features, such theme-based copycats imitate the global scene illustrated on the package design of the leader brand (i.e., an Alpine valley with cows grazing on the lush slopes of a meadow, or a typical farming landscape in Tuscany; Miceli & Pieters, forthcoming). Of the twenty cases of imitation described in Zaichkowsky’s (2006) book on trademark infringement, eighteen cases dealt with feature-based copycats and two with theme-based copycats, which demonstrates that the majority of copycats is indeed feature-based. Consequently, trademark literature has focused on consumer responses to this type of copycats and their acceptability (Howard, Kerin, & Gengler, 2000; Kapferer, 1996; Loken, Ross, & Hinkle, 1986; Warlop & Alba, 2004).

Given theorizing on knowledge accessibility effects, we argue that this focus is unfortunate and show that consumers like feature-based copycats

less, than the largely disregarded theme-based copycats. The explicit imitation of highly distinctive features heightens consumers' awareness of the insincere tactics being used, which causes reactance, whereas such awareness is less likely when abstract themes are imitated that are more diffuse and less tangible. In four experiments we demonstrate that imitation type importantly determines copycat success and that, against common practice, imitating features is a less effective strategy to use.

TYPE OF IMITATION

Copycats imitate the trade-dress of a leading brand, such as its package design and brand name, to take advantage of the latter's reputation and marketing efforts (Zaichkowsky, 2006). When the imitation strategy is successful, positive leader brand associations will be activated (Jacoby, 2001; Punj & Moon, 2002) and will be transferred to the representation of the copycat. The similarity between the extrinsic physical aspects of the two brands will then be generalized to infer similarity of product quality, which will in turn increase consumers' liking and purchase of the copycat (Zaichkowsky, 2006).

To obtain similarity between copycat and leader brand, different aspects of the trade-dress of the leader brand may be imitated, resulting in different types of imitation. Where a feature-based copycat explicitly imitates the leader brand's lower-level distinctive features and objects (imitation of the *specific* attributes), the theme-based copycat imitates the higher-level abstract theme (imitation of the *inferred* attribute). Activation of the inferred attribute of the leader brand (e.g., "softness") may be achieved by the display of another object ("kittens"; see Mitchell & Olson, 1981), or by imitation of the global package scene representing the inferred attribute. Only the latter option however activates the inferred attribute through imitation of the leader brand, and can be called a copycat. Thus, copycats may either imitate the distinctive, perceptual features or the abstract theme through imitation of the global scene.

This distinction between feature- and theme-based copycats is consistent with recent scene perception literature (Oliva, 2005; Marr, 1982; Torralba, Oliva, Castelhana, & Henderson, 2006). In this literature, individual features and objects are described as the simple, basic characteristics of a visual scene (e.g., a package), which are processed at a low level. Scenes, on the other hand, are “real-world environments (or depictions thereof) comprising background elements and multiple discrete objects” (Henderson & Ferreira, 2004, p. 5). They are a collection of features and objects, which need to be integrated to perceive the semantic content of the scene, and are processed at a higher level (Oliva, 2005).

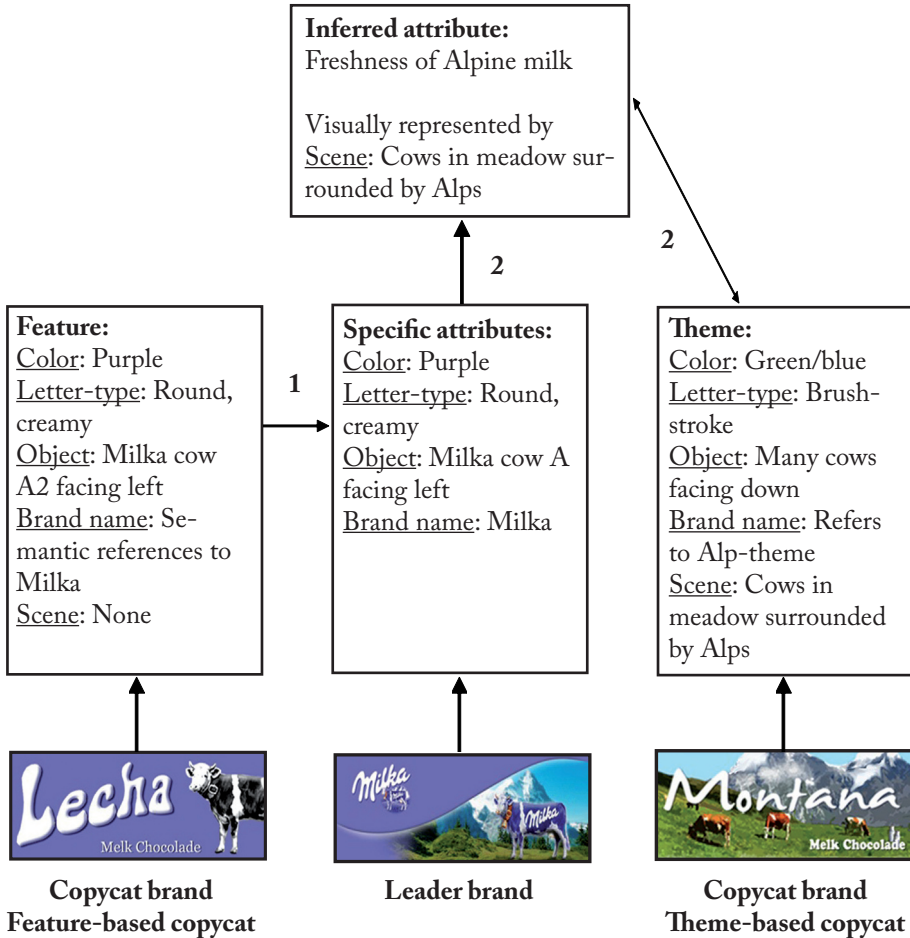
To illustrate the differences between the two imitation types, take for example the package of the Milka chocolate brand. As is illustrated in Figure 3.1, the feature-based copycat has imitated the same purple color, the same cow facing left, and the same creamy-round letter-type. As the feature-based copycat has explicitly imitated the specific attributes in a visually similar way, associations will be activated that are *directly* linked with the leader brand (arrow number 1). The theme-based copycat on the other hand has imitated the inferred attribute “freshness of Alpine milk” of the Milka brand through imitation of the global scene – cows grazing in the Alps – in a visually different way¹. Because the theme-based copycat is only similar to the leader brand with respect to the inferred attribute, associations will be activated that are *indirectly* linked with the leader brand (arrow number 2).

Because the feature-based copycat is directly linked with the leader brand, whereas the theme-based copycat is only indirectly linked, it is believed that it is the feature-based copycats that free-ride most

¹ Even though the scene on the package of the theme-based copycat is, as in the feature-based copycat, comprised of features and objects (e.g., cows, mountains), they are however dissimilar to the features and objects displayed on the package design of the leader brand (different type of cow, different mountains). It is instead the integrated whole of the visual scene that is similar to the Milka leader brand, as it represents the same inferred attribute.

effectively on the leader brand's equity. Brands invest in idiosyncratic trade-dresses to establish and reinforce strong, favorable, and unique brand associations for ease of recognition and recall (Keller, 1993).

Figure 3.1 *Model of feature-based and theme-based copycatting*²



Note. Number 1 represents the direct linkage between the leader brand and the feature-based copycat. Number 2 represents the indirect linkage between the leader brand and the theme-based copycat.

² For full colored images of the stimuli shown in Chapter 3, see <http://www.femkevanhoren.nl/chapter3.html>

As feature-based copycats explicitly imitate those features that are strongly and uniquely associated, and thus directly linked to the leader brand, free-riding is most likely to occur as the image of the leader brand will easily be brought to mind and transfer of positive brand knowledge can take place. But is it really the case that explicit imitation of highly distinctive features is most effective? Theory on assimilation and contrast suggests differently.

EFFECTIVENESS OF IMITATION STRATEGY

Research in assimilation and contrast has demonstrated how information made accessible by the context is used to guide the direction of product- or person judgment. Assimilation occurs when evaluation is displaced towards contextually activated knowledge, whereas contrast occurs when evaluation is displaced away from this knowledge (Sherif & Hovland, 1961). Thus, in the vicinity of luxurious watches as Rolex or Cartier, a moderately luxurious watch may either be judged as more luxurious (i.e., assimilation) or less luxurious (i.e., contrast).

Besides other factors that have been identified that determine whether assimilation or contrast occurs (for reviews, see Stapel & Suls, 2007), perceived appropriateness of accessible information plays an important role in many models (Maringer & Stapel, 2008; Martin, 1986; Wegener & Petty, 1995). Perceived appropriateness of information refers to instances in which people are aware of their reliance on contextual information that has created bias in their judgment, causing a shift in their evaluation in the opposite direction of the accessible information. Wegener and Petty (1993; 1995) suggest that when people sense that their judgments are being biased by accessible information, they consult their naïve theories. Then, norms, rules, or theories are applied to adjust their response for the effect of the influence.

One such naïve theory consumers may call to mind when judging products is persuasion knowledge theory (Campbell, 1995; Friestad &

Wright, 1994; Boush, Friestad, & Wright, 2009). As experienced targets of persuasion attempts in daily life, consumers build up knowledge about persuasion agents' strategies and goals, including concepts about the appropriateness and fairness of manufacturers' or advertisers' persuasion tactics. When products show similarity with other products, consumers may become aware of the imitation tactics being used by the marketer, and, when perceived as insincere, will correct for these unwanted influences (Campbell & Kirmani, 2000).

As feature-based copycats explicitly imitate the distinctive perceptual features that are directly linked to the leader brand, it is more likely that consumers will become aware of the insincere imitation tactics being used by the feature-based copycat. Imitation of such salient features activates a distinct and clear representation of the leader brand (Stapel & Koomen, 2000), which makes consumers to realize the inappropriateness of the use activated leader brand knowledge, resulting in reactance. Awareness of insincere tactics will however be less likely when abstract themes are imitated. The imitation strategy of theme-based copycats is more implicit and less tangible, as less salient aspects are imitated that are only indirectly linked to the leader brand. Therefore, instead of a distinct representation of the leader brand, theme-based copycats are more likely to activate diffuse leader brand associations, which will be used to interpret (Stapel, 2007) the copycat and be "included" (Schwarz & Bless, 1992) into its representation. This would imply that imitating distinctive features would result in negative evaluation and thus be less effective, whereas imitating abstract themes would result in positive evaluation and be more effective.

The current research deviates in some important ways from previous research on knowledge accessibility effects. First, and specific to the domain of copycatting, the standard (leader brand) against which the target (copycat) is evaluated, is not induced by contextual information, but is embedded in the target itself: perceptual differences

in the package designs brings either a distinct or a diffuse image of the leader brand to mind, directing the evaluation of the copycat. Second, instead of manipulating the standard (e.g., extreme versus moderate standard; e.g., Herr, 1989; Smeesters & Mandel, 2006), in our research the standard (the leader brand) was kept constant (the same leader brand).

OVERVIEW OF STUDIES

In the four studies reported in this chapter, we examined the idea that type of imitation affects copycat evaluation. We also examined the psychological processes that we claim are responsible for this effect. We argue that imitating distinctive perceptual features is a less effective copycatting strategy than imitating abstract themes (Hypothesis 1). More specifically, we predict that theme-based copycats are evaluated more positively than feature-based copycats and – to prove that imitating themes is indeed a successful *imitation* strategy – than products that share no similarities with the leader brand. Furthermore we posit that imitating distinctive features is a less effective strategy, due to heightened awareness of the insincere imitation tactics being used (Hypothesis 2).

Studies 3.1 and 3.2 examined the basic effect in two different product categories. Study 3.3 explored the underlying mechanism and investigated whether feature-based copycats heighten consumers' awareness of insincere tactics immediately, whereas theme-based copycats do not. Study 3.4 finally investigated whether increased awareness of insincere tactics mediates consumers' negative evaluation of feature-based copycats as compared to theme-based copycats. Empirical support for these hypotheses would imply that type of imitation matters and that, against common practice, imitating distinctive features is less effective than imitating abstract themes.

STUDY 3.1

Study 3.1 tests the extent in which the evaluation of copycats is affected by imitation type.

METHOD

Participants and Design. Fifty-seven (44 males and 15 females, age $M = 20.15$, $SD = 2.36$) undergraduate students participated in the study, as part of a set of unrelated studies, and received 7 Euros for their participation in the total set of studies. Participants were randomly assigned to one condition of a three-group design (imitation type: visually different ($N = 20$), theme-based ($N = 19$), feature-based ($N = 18$)).

Stimuli. Three packages were created within the product category “milk chocolate”. Milk chocolate is a common product with multiple brands in heavy competition and heterogeneous package designs. Milka chocolate was used as the leader brand. Milka is a well-known chocolate brand in the local market and the trade-dress of Milka is unique and easily recognizable, as well in its features (lilac wrapper, creamy lettering), as in its theme (freshness of Alpine milk).

Two packages were created that differed in type of imitation: a feature-based copycat and a theme-based copycat. The feature-based copycat, was created through imitation of the distinctive features that are uniquely associated with the “Milka” brand: the lilac color, the “Milka” cow, the creamy letter-type, with the semantically similar brand name “Lecha” (see Figure 3.2). The theme-based copycat was created through imitation of the global scene displayed on the package design of the Milka brand, in a visually different way (cows grazing in the fresh, nutritious fields of the Alps) with the brand name “Montana”, which refers to the Alps-theme. In addition, one package (“Davinia”) was created that did not share any similarities with the leader brand Milka.

Figure 3.2 *Stimuli used in Study 3.1, 3.2, and 3.4*

Leader brand



Differentiated brand



Theme-based copycat



Feature-based copycat

Three pre-tests were conducted to test whether the manipulations of the packages were successful. As the theme-based copycat expresses the same abstract theme, but shares few directly comparable visual features with the leader brand, it could be argued that the theme-based copycat is not a copycat. Therefore, the first pre-test was conducted to demonstrate that if people are given a definition of copycats (i.e., made aware of the imitation strategy being used), the theme-based copycat is as much perceived as a copycat as the feature-based copycat. Sixty participants (between subjects, none participating in the main study) read a short introduction in which they were told that manufacturers of supermarket products sometimes make use of imitation strategies. Then, they were presented with one of the three packages (visually differentiated, theme-based copycat, or feature-based copycat) and were asked to indicate the extent in which they agreed with the statement that the manufacturer of this product tried to persuade the consumer by looking similar to another product, on a nine-point scale ranging from 1 (*definitely not*) to 9 (*definitely yes*).

The ANOVA revealed a main effect for imitation type, $F(2, 57) = 100.76, p < .001, \eta_p^2 = .78$. Planned contrasts showed additionally that participants thought that the manufacturer of the theme-based copycat ($M = 8.14, SD = 1.08$) tried as much as the manufacturer of the feature-based copycat ($M = 8.39, SD = .78$) to persuade the consumer by looking similar to another product, $F(1, 57) = .67, p = .42, \eta_p^2 = .01$. In addition, they thought that the manufacturer of the theme-based copycat tried to persuade the consumer more by looking similar to another product than the manufacturer of the visually differentiated product did ($M = 3.87, SD = 1.30$), $F(1, 57) = 149.96, p < .001, \eta_p^2 = .73$.

In the second pre-test, participants ($N = 45$, between subjects, none participating in the main study) were asked to rate the attractiveness of the package design (aesthetically) on a seven-point scale, ranging from 1 (*very unattractive*) to 7 (*very attractive*). The ANOVA revealed that the three products did not differ from each other on attractiveness ($M_{Vis.different} = 4.13, SD = 1.41$; $M_{Theme} = 4.27, SD = 1.53$; $M_{Feature} = 4.53, SD = 1.30$), $F(2, 42) = .31, p = .74, \eta_p^2 = .015$. The last pretest ($N = 15$, within subjects, none participating in the main study) ensured that the packages depicted the intended type of imitation. After the participants read a description of the two imitation types and the visually differentiated product, 100% of the participants indicated correctly that the package of the feature-based and the visually differentiated product copycat were intended to be the feature-based copycat and the visually differentiated product respectively. 87% categorized the theme-based copycat correctly as the theme-based copycat (13% categorized it as a feature-based copycat). The results of the three pre-tests indicate that the manipulations were successful.

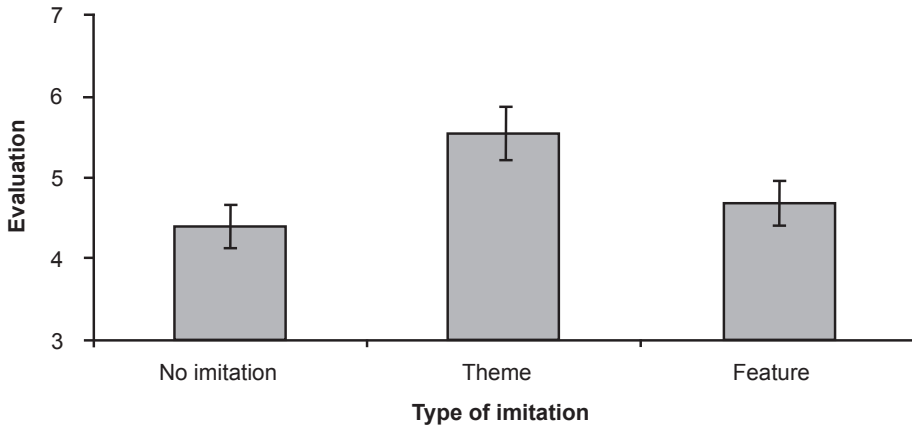
Procedure and Measures. Upon arrival, participants were seated in a cubicle in front of a computer. They were told that the aim of the study was to assess their evaluation of products in the product category “milk chocolate”. First, as package designs of supermarket products tend to change regularly, participants were shortly presented with

several brands in the product category “milk chocolate”, including the Milka brand, to ensure that the same Milka package was for everyone equally accessible. None of the other presented brands showed a scenic display that represented the heme in the same way as the original Milka package. Next, one of the three packages (theme-based copycat, feature-based copycat, or visually differentiated product) was displayed on the computer screen for several seconds and participants were asked to evaluate the product, on four semantic differentials with nine-point response alternatives (*negative-positive*, *unattractive-attractive*, *bad-good*, *uninteresting-interesting*, aggregated evaluation scale, $\alpha = .87$). After, participants indicated their familiarity with the leader brand, from 1 (*not familiar at all*) to 9 (*highly familiar*), leader brand usage, from 1 (*never*) to 9 (*often*), and evaluation of the leader brand, from 1 (*negative*) to 9 (*positive*).

RESULTS AND DISCUSSION

The results of the ANOVA revealed, as predicted, a significant main effect of imitation type, $F(2, 56) = 3.99, p = .024, \eta_p^2 = .08$. Planned contrasts showed, in support of Hypothesis 1, that the theme-based copycat was evaluated significantly more positively ($M = 5.55, SD = 1.46$) than the visually differentiated product ($M = 4.40, SD = 1.27$), $F(1, 56) = 7.41, p = .01, \eta_p^2 = .12$, and the feature-based copycat ($M = 4.68, SD = 1.23$), $F(1, 56) = 4.17, p = .05, \eta_p^2 = .07$. There was no difference in evaluation between the visually differentiated product and the feature-based product, $F(1, 56) = .47, p = .49, \eta_p^2 = .01$ (see Figure 3.3)³.

³ To assure that these results cannot be attributed to a general positive evaluation activated by the scenic display of cows grazing in mountains, a post-test was conducted. Participants ($N = 32$) were asked to evaluate in the product category “Motor oil” either a package displaying a can of motor oil or a package displaying the meadow and mountain-scene used in Study 3.1 on the same four semantic differentials ($\alpha = .92$). The same brand name “Castrol” was used in both conditions. The results revealed no difference in evaluation between

Figure 3.3 *Influence of imitation type on brand evaluation*

Note. Error bars indicate \pm one standard error of the mean.

Control variables. As the theme-based copycat is a more implicit form of imitation, whereas the feature-based copycat is a more explicit form, individual differences in leader brand knowledge may affect evaluation of these different imitation types. Evaluation of the theme-based copycat may be positively related to leader brand familiarity, usage, and evaluation, whereas evaluation of the feature-based copycat may be negatively related. Follow-up regression analyses showed however that none of these variables could account for the variance in evaluation of any of the products and that all contrasts stayed significant after controlling for these variables (β s < 1).

These results show that imitation type affects copycat evaluation and provide support for the hypothesis that imitating abstract themes is more effective than imitating distinctive features (Hypothesis 1). As predicted, the evaluation of the theme-based copycat was more positive than the evaluation of both the visually differentiated product and the feature-based copycat. Possibly these results could be alternatively

the two packages (MControl = 4.08, SD = 1.96; MMountain = 3.73, SD = 1.59), $t(30) = .55$, $p = .59$, indicating that it is not the mountain-scene itself that can account for the positive evaluation of the theme-based copycat.

explained by a category effect, instead of a copycat effect: it could be argued that the imitated theme “freshness of Alpine milk” is not specific to the leader brand Milka, but refers to the entire product category “milk chocolate”. For several reasons it is however unlikely that this alternative explanation can account for the current results. First, participants had shortly viewed, before evaluation, the packages of several brands in the chocolate category. Of these brands, only the package of Milka scenically displayed the Alp-theme, whereas the others did not. Secondly, the way in which Milka displays the Alp-theme is unique (grazing cows against the background of the Alps), and it is this specific scene that is imitated. Thus, instead of a category effect, we believe that the positive evaluation of the theme-based copycat can be attributed to transfer of positive knowledge specifically associated with Milka.

These results are, to our knowledge, the first demonstration that type of imitation affects copycat evaluation. They reveal that, contrary to what is commonly seen in the marketplace, imitating abstract themes is a more effective strategy than imitating distinctive features. To prove however that the above findings are robust and not limited to just the trade-dress of the Milka chocolate brand, but can be generalized to other product categories, Study 3.2 was conducted.

STUDY 3.2

METHOD

Participants and Design. One-hundred and thirty-three (80 males and 53 females, age $M = 22.02$, $SD = 3.67$) undergraduate students participated in the study, as part of a set of studies and received 7 Euros for their participation. Participants were randomly assigned to one condition of a three-group design (imitation type: visually differentiated ($N = 47$), theme-based ($N = 43$), feature-based ($N = 43$)).

Stimuli. Three packages were created in the product category “spreadable butter” with Bertolli as the leader brand (see Figure 3.4). Bertolli was the

first brand to introduce olive oil in its spread and is a clear leader in the category. Furthermore, Bertolli's trade-dress consists of both distinctive features (red and white shield, letter-type, color) and a scenic representation of a theme (traditional production of olive oil). In the local market, Bertolli is the only brand that represents this theme visually by the display of a scene of a Tuscan farm on a hill surrounded with pine trees. To create the feature-based copycat, the red and white shield, the classical Roman letter-type and the earthy color of the Bertolli trade-dress were copied, with a similar sounding brand name "Penetolli". The theme-based copycat, was created through imitation of the global scene displayed on the package design of Bertolli, in a visually different way (Tuscan rural house in bright sunlight with pine trees) with the brand name "Mediterrane", which refers to the "traditional production of olive oil"-theme. In addition a visually differentiated product ("Olive Grove") was created.

Figure 3.4 *Stimuli used in Study 3.2*



Leader brand



Differentiated brand



Theme-based copycat



Feature-based copycat

To test for perceived attractiveness of the packages and to ensure that the packages depicted the intended imitation type, two pre-tests were conducted. In the first pre-test, participants ($N = 42$, between subjects, none participating in the main study) were asked to rate the attractiveness of the package design. The ANOVA revealed that the three products did not differ from each other on attractiveness, ($M_{\text{Vis.different}} = 4.15$, $SD = 1.14$; $M_{\text{Theme}} = 4.67$, $SD = 1.28$; $M_{\text{Feature}} = 5.00$, $SD = 1.15$, seven-point scale), $F(2, 39) = 1.89$, $p = .16$, $\eta_p^2 = .08$. A second pretest ($N = 15$) revealed that the manipulation of imitation type was successful: 100% of the participants categorized the feature-based copycat and the visually differentiated copycat under the respective definition, 93% of the participants did so for the theme-based copycat (7% categorized the theme-based copycat as a feature-based copycat).

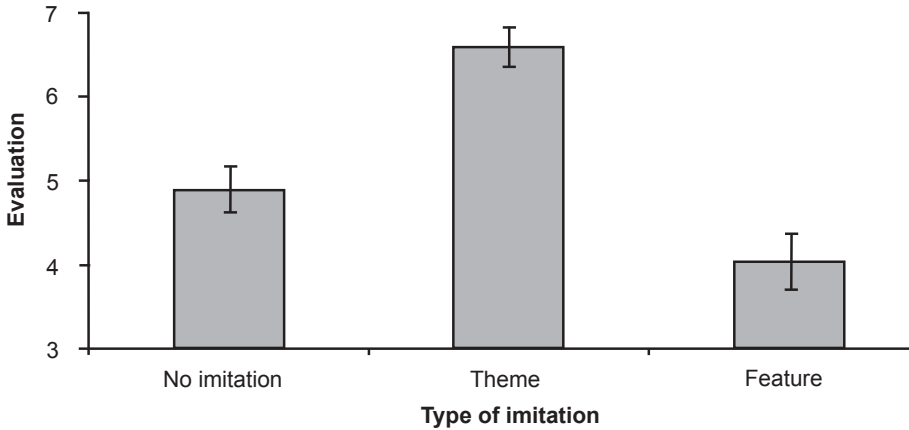
Procedure and Measures. General set-up and instructions were as in Study 3.1. Participants were asked to evaluate one of the three products (using the same semantic differentials as in Study 3.1, aggregated scale $\alpha = .96$) and to indicate their willingness to buy the product, from 1 (*definitely not*) to 9 (*definitely yes*). Control variables were the same as in Study 3.1.

RESULTS AND DISCUSSION

Evaluation. The results of the ANOVA revealed, consistent with the findings of Study 3.1, a significant main effect of imitation type on evaluation, $F(2, 130) = 21.78$, $p < .001$, $\eta_p^2 = .25$ (see Figure 3.5). Planned contrasts showed, in support of Hypothesis 1, that the theme-based copycat ($M = 6.59$, $SD = 1.54$) was evaluated significantly more positive than the visually differentiated product ($M = 4.88$, $SD = 1.70$), $F(1, 130) = 19.55$, $p < .001$, $\eta_p^2 = .13$, and the feature-based copycat ($M = 4.03$, $SD = 2.21$), $F(1, 130) = 41.89$, $p < .001$, $\eta_p^2 = .24$. Results showed further that the feature-based copycat was evaluated more negatively than the visually differentiated product, $F(1, 130) = 4.81$, $p = .03$, $\eta_p^2 = .03$.

= .04. Follow-up regression analyses showed that the control variables leader brand familiarity, usage, and evaluation could not account for the variance in evaluation of any of the products and that all contrasts stayed significant after controlling for these variables ($\beta_s < 1$).

Figure 3.5 *Influence of imitation type on brand evaluation*



Note. Error bars indicate +/- one standard error of the mean.

Willingness to buy. The same pattern of results was found for the willingness to buy measure. The ANOVA revealed a significant main effect of imitation type on willingness to buy, $F(2, 130) = 15.05, p < .001, \eta_p^2 = .19$. Planned contrasts showed that participants showed a higher willingness to buy the theme-based copycat ($M = 6.63, SD = 1.89$) than the visually differentiated product ($M = 4.64, SD = 2.15$), $F(1, 130) = 18.30, p < .001, \eta_p^2 = .12$, and the feature-based copycat ($M = 4.19, SD = 2.53$), $F(1, 130) = 26.39, p < .001, \eta_p^2 = .17$. The difference between the feature-based copycat and the visually differentiated product was not significant, $F(1, 130) = .95, p = .33, \eta_p^2 = .01$.

These results replicate the findings from Study 3.1 in a different product category: imitating abstract themes is a more effective strategy than imitating distinctive perceptual features. Furthermore, it was shown that besides evaluation, the results transfer to the buying intention of

copycats. For the same reasons as in study 3.1, it is highly unlikely that the results can be explained by a category, instead of a copycat, effect: none of the brands in the product category “spreadable butter” that were shown prior to evaluation displayed a theme on its package, except for the Bertolli brand. Furthermore, Bertolli’s scenic representation of the traditional production of olive oil-theme is unique and it was this unique representation that was imitated.

We posit that imitating distinctive features is a less effective strategy, as these features are directly linked to the leader brand, due to which it is more likely that consumers’ awareness of insincere imitation tactics will be heightened, against which they will react (Campbell & Kirmani, 2000; Friestad & Wright, 1994). . Study 3 tests whether the package of the feature-based copycat indeed immediately heightens awareness of insincere tactics, whereas this is not the case for the theme-based copycat. It is predicted that the feature-based copycat evokes high awareness, but that the theme-based copycat evokes as little awareness as the visually differentiated product. This prediction may seem at odds with the results of the first pretest of Study 3.1. The difference is however explained by the set up of this study: participants were not – which is also generally the case when buying products in a supermarket – explicitly reminded of the imitation strategies being used by marketers, as was done in the pre-test of Study 3.1.

STUDY 3.3

METHOD

Participants and Design. Sixty (31 males and 29 females, age $M = 23.43$, $SD = 1.51$) undergraduate students participated in the study, which was part of a larger set of unrelated studies, in return for a monetary compensation of 7 Euros. Participants were randomly assigned to one condition of a three-group design (imitation type: visually differentiated ($N = 15$), theme-based ($N = 22$), feature-based ($N = 23$)).

Procedure and Measures. The same packages were used as in Study 3.1 (“milk chocolate”). Participants were seated behind a computer and were presented with one of the three packages. They were informed that this new product was soon to be introduced in the product category “milk chocolate”. To measure awareness (recognition) of insincere tactics, participants were asked, while the package was still displayed on the computer screen, to indicate on five semantic differentials (all nine-point scales) how *insincere-sincere*, *unacceptable-acceptable*, *unfair-fair*, *untrustworthy-trustworthy* and *unreliable-reliable* they thought the product was (Brown & Krishna, 2004; Campbell & Kirmani, 2000). The items were reverse coded and aggregated into one insincere tactics measure, with higher numbers indicating higher awareness of insincere persuasion tactics ($\alpha = .95$).

In addition, to test whether individual differences in susceptibility for persuasion tactics would moderate the effects, participants indicated their self-perceived ability to understand and to cope with persuasion tactics of marketers (e.g. “I know when an offer is too good to be true”, “I have no trouble understanding the bargaining tactics used by salespersons”; Bearden, Hardesty, & Rose, 2001). All questions were rated on nine-point scales, ranging from 1 (*totally disagree*) to 9 (*totally agree*), with higher values indicating higher understanding of marketer’s tactics.

RESULTS AND DISCUSSION

The results of an ANOVA revealed a significant main effect of imitation type on awareness of insincere tactics, $F(2, 57) = 14.38, p < .001, \eta_p^2 = .35$. Planned contrasts showed, in support of Hypothesis 2, that awareness of insincere tactics was higher when participants were presented with the feature-based copycat ($M = 6.29, SD = 1.82$) than with the theme-based copycat ($M = 4.28, SD = 1.57$), $F(2, 57) = 18.14, p < .001, \eta_p^2 = .24$ or the visually differentiated product ($M = 3.77, SD = 1.12$), $F(1, 57) = 23.02, p < .001, \eta_p^2 = .29$. In addition, awareness of

insincere tactics was as low when participants were presented with the theme-based copycat as with the visually differentiated product, $F(2, 57) = .93$, $p = .34$, $\eta_p^2 = .02$. Results showed further that individual differences in ability to understand marketer's persuasion tactics did not affect the results.

These results reveal that when distinctive features are imitated, people are immediately aware of the persuasion tactics being used, whereas this is not the case when an abstract theme is imitated. These results even hold for people who claim to have a high understanding of persuasion tactics being used by marketers. The important question then is whether awareness of insincere tactics mediates the negative evaluation of the feature-based as compared to the theme-based copycat. This was tested in Study 3.4. Furthermore, it was tested whether the effects on evaluation do not only transfer to willingness to buy, but also to choice. In order to test the effects on choice, a within-subject instead of a between-subjects design was used. This is also closer to reality, as consumers are often confronted with other more or less similar looking products that are simultaneously displayed on the shelves, when making choices at point-of-purchase.

STUDY 3.4

Study 3.4 tests the extent to which the negative evaluation and lower buying intention of feature-based copycats as compared to theme-based copycats is mediated by awareness of insincere tactics (Hypothesis 2).

METHOD

Participants and design. One-hundred and six (55 males and 51 females, age $M = 23.68$, $SD = 3.97$) undergraduate students participated in the study as part of a set of studies, and received 7 Euros for their participation. Participants were randomly allocated to a condition of a 3 (imitation type: none, theme, feature) X 3 (presentation order) mixed

design, with imitation type as within-subject factor and presentation order as between-subjects factor.

Procedure and measures. The same packages were used as in Study 3.1 (“milk chocolate”). General set-up was similar to Study 3.1 and 3.2, with the only difference that participants were, instead of just one, presented with all the three products (the visually differentiated, the theme-based copycat and the feature-based copycat) for several seconds. Next, participants were asked to evaluate and to indicate their willingness to buy each of the three products on the same measures as used in Study 3.2 (aggregated evaluation scale, $\alpha_s > .96$). In addition, they were asked to make a choice between one of the three products. After the choice was made, participants indicated for each of the products to what extent the product ‘feels good’ and ‘feels familiar’ ranging from 1 (*not at all*) to 9 (*very much*). In addition, awareness of insincere tactics was measured, using the same semantic differentials as in Study 3.3 (aggregated evaluation scale, $\alpha_s > .82$). The same control variables as in Study 3.1 and 3.2 were included.

RESULTS AND DISCUSSION

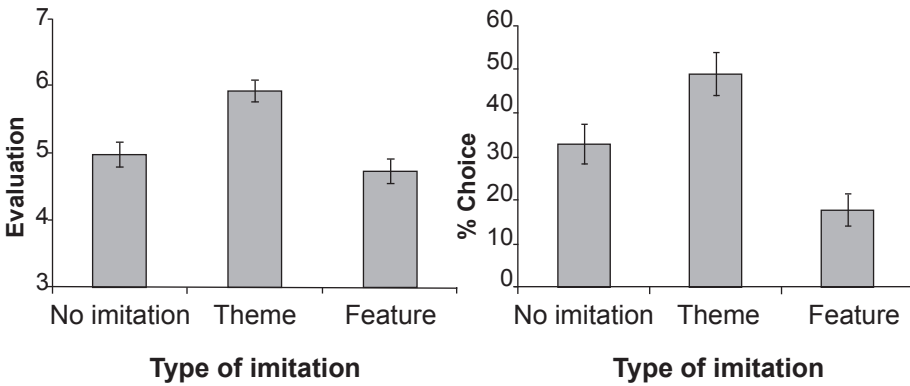
There was no effect of presentation order on any of the dependent measures, so this factor was further excluded from the analyses.

Evaluation. The repeated measures ANOVA revealed a main effect of imitation type, $F(2, 210) = 12.83, p < .001, \eta_p^2 = .29$. Planned contrasts showed, again in support of Hypothesis 1, that the theme-based copycat ($M = 5.93, SD = 1.67$) was evaluated significantly more positively than the feature-based copycat ($M = 4.71, SD = 1.82$), $F(1, 105) = 42.00, p < .001, \eta_p^2 = .29$, and the visually differentiated product ($M = 4.97, SD = 1.95$), $F(1, 105) = 12.40, p = .001, \eta_p^2 = .29$. There was no difference in evaluation between the visually differentiated product and the feature-based product $F(1, 105) = .83, p = .37, \eta_p^2 = .29$.

Willingness to buy. The repeated measures ANOVA revealed a main effect of imitation type, $F(2, 210) = 11.77, p < .001, \eta_p^2 = .10$.

Following Hypothesis 1 and consistent with the results of Study 3.2, planned contrasts showed that participants were significantly more willing to buy the theme-based copycat ($M = 5.92$) than the feature-based copycat ($M = 4.53$), $F(1, 105) = 37.19$, $p < .001$, $\eta_p^2 = .26$, and the visually differentiated product ($M = 5.06$), $F(1, 105) = 8.08$, $p = .01$, $\eta_p^2 = .07$. The willingness to buy the visually differentiated product was not different from the feature-based copycat, $F(1, 105) = 2.59$, $p = .11$, $\eta_p^2 = .02$.

Figure 3.6 *Influence of imitation type on evaluation and percentage choice*



Note. Error bars indicate +/- one standard error of the mean.

Choice. The results demonstrate further, consistent with the findings on evaluation and willingness to buy, that the theme-based copycat was more frequently chosen (49%) than the feature-based copycat (18%) and the visually differentiated product (33%). A conditional logit regression analysis showed additionally that the differences in probability of choice were significant: ‘theme’ versus ‘feature’: $\beta = -1.00$, $z(318) = -3.76$, $p < .001$, ‘theme’ versus ‘visually differentiated’: $\beta = -.40$, $z(318) = -1.81$, $p = .07$ and ‘visually differentiated’ versus ‘feature’: $\beta = -.61$, $z(318) = -2.14$, $p = .03$.

Meditation analysis. We predict that imitating themes is a more effective copycatting strategy, because consumers are less aware of the

insincere persuasion tactics being used. However, to demonstrate that it is indeed a copycatting effect driving the preference for the theme-based copycat, we tested in a first step whether the positive evaluation and higher buying intention of the theme-based copycat as compared to the visually differentiated product was due to feelings of familiarity induced by the copycat (aggregation of the two measures ‘this product feels good’ and ‘this product feels familiar’, $\alpha = .86$). In a second step we tested whether the positive evaluation and higher buying intention of the theme-based copycat as compared to the feature-based copycat was driven by awareness of insincerity of imitation tactics.

The results of the random intercept regression mediation analysis (controlling for evaluation of multiple packages) in which the two dummy-coded variables of the imitation type manipulation (theme versus visually differentiated and theme versus feature, both with theme as reference) and familiar feelings were added as predictors, revealed that the positive evaluation of the theme-based copycat as compared to the differentiated product was fully mediated by feelings of familiarity (Sobel test: $z = -5.20$, $p < .001$; see Table 3.1 for full results).

Table 3.1 *Mediation analysis*

Predictor variables	Dependent variable		Mediator		Mediation tests			
	Evaluation	WTB	Familiarity	Insincerity	Evaluation (with familiarity)	WTB (with familiarity)	Evaluation (with insincerity)	WTB (with insincerity)
Theme vs. Differentiated	-.96*	-.87**	-1.38**	1.88**	.11	.27	-1.25**	-1.32**
Theme vs. Feature	-1.22**	-1.40**	-.85**	-2.74**	-.56**	-.69**	-.79*	-.73*
Familiarity	.77**	.81**			.77**	.83**		
Insincerity	-.12**	-.18**					-.16**	-.24**

Note: Unstandardized Beta coefficients are reported. * $p < .05$, ** $p < .001$. Predictor variables are dummy-coded with the theme-based copycat as reference. The effect of feelings of familiarity and insincerity on both the evaluation and willingness to buy measures were tested in two separate models. Due to space constraint they are presented in one table. Beta coefficients printed in bold were used to compute the significance of the indirect effect.

In addition, the results showed that feelings of familiarity also fully mediated the effect of the theme versus differentiated variable on the willingness to buy measure (Sobel test: $z = -5.14, p < .001$).

Consistent with Hypothesis 2, the results of the random intercept regression mediation analysis showed in addition that awareness of insincere tactics mediated the negative difference between the feature-based and the theme-based copycat for both evaluation and buying intention. Even though the effect of the dummy variable feature-based imitation versus theme-based imitation was still significant after inclusion of the mediation variable insincerity, the Sobel test revealed that the reduction in effect was significant for both evaluation and willingness to buy ($z = -2.11, p = .03$ and $z = -2.48, p = .001$ respectively; see table 1).

The results of Study 3.4 replicate the findings of Study 3.1 and 3.2. In addition, they demonstrate that, besides evaluation and willingness to buy, imitation type also affects choice of copycats: theme-based copycats were chosen more often than feature-based copycats and visually differentiated products. Furthermore, it was shown why imitating abstract themes is a more effective imitation strategy than imitating distinctive perceptual features. Feature-based copycats heighten awareness of the insincere tactics being used, due to which this type of copycats is evaluated more negatively than theme-based copycats. Awareness of persuasion tactics is however low for theme-based copycats. In addition, theme-based copycats give rise to pleasant feelings induced by something that feels familiar. As such, theme imitation is a more effective persuasion tool.

GENERAL DISCUSSION

Based on the perception literature we distinguished between two different types of imitation and proposed, building on assimilation and contrast theories, that these two imitation types would affect copycat success differently. In this chapter it was demonstrated, contrary to what

is generally seen in the marketplace, that imitating abstract themes is more effective than imitating distinctive perceptual features. Study 3.1, 3.2 and 3.4 established the basic effect and revealed that theme-based copycats are evaluated more positively than feature-based copycats and visually differentiated products. It was shown that these results generalize to other product categories (Study 3.2) and transfer from evaluation to buying intentions and choice (Study 3.2 and 3.4). Study 3.3 revealed in addition that feature-based copycats immediately heighten consumers' awareness of the insincerity of the tactics being used, whereas this is not the case for theme-based copycats. In Study 3.4 it was proven that this reactance against insincerity reduced the evaluation of feature-based copycats as compared to theme-based copycats. The positive evaluation of theme-based copycats as compared to the visually differentiated brands was shown to be due to increased feelings of familiarity.

The findings of this chapter contribute to the marketing literature in several ways. First, to our knowledge we are the first to show that imitation type determines the effectiveness of copycats. As the majority of copycats are feature-based copycats, trademark literature has primarily focused on consumer responses to this type of copycats (Kapferer, 1996; Loken et al., 1986; Warlop & Alba, 2004). However, besides feature-based copycats there are also theme-based copycats on the market. Due to lack of research, consumer responses to this type of copycat were until now largely unknown. Our research tried to fill this gap and shows in fact that theme-based copycats are liked more than feature-based copycats. In addition, due to the focus on feature-based copycats, the effects of imitation of many versus few distinctive features were generally explored (Kapferer, 1996; Miaoulis & d'Amato, 1978; Warlop & Alba, 2004). The current research shows however that *what* is copied (theme versus features) is certainly as important as *how much* is copied (little versus much).

Second, deviating from existing research on knowledge accessibility effects we show that, instead of increasing accessibility of knowledge

through contextual information, perceptual differences in package designs itself can guide the direction of product judgment (assimilation versus contrast). Perceiving a package design imitating the basic, lower-level perceptual features of a leader brand, results in a shift away from activated leader brand knowledge, whereas perceiving a higher-level global scene that represents the inferred attribute of the leader brand, results in a shift towards the leader brand.

Third, the results challenge the prevailing idea in marketing and legislative literatures, that the more similar copycats are to the leader brand, the more positive the evaluation of copycats is (Howard et al., 2000; Loken et al., 1986; Miaoulis & d'Amato, 1978; Warlop & Alba, 2004). Feature-based copycats that explicitly imitate the distinctive perceptual features are perceived as more similar to the leader brand than theme-based copycats (Miceli & Pieters, forthcoming). However, instead of being beneficial to the copycat, the current results show that such higher similarity is in fact evaluated less positively. These results add to the findings of Chapter 2, in which it was demonstrated that high similarity can backfire, especially when evaluation is comparative.

The findings presented in this chapter have managerial implications as well. For manufacturers of copycats it is advisable, in order to profit most from an imitation strategy, to invest in package designs imitating the overall scene that represents the inferred attribute of the leader brand. Because of the subtlety of the imitation, it is less likely that consumers become aware of the imitation tactics being used. Therefore theme-based copycats are able to free-ride unnoticed on the positive associations of the leader brand, which will in turn increase consumers' liking and purchase. In addition, they will fly more easily under the legislative radar, as, due to low visually similarity with the leader brand, it is highly unlikely that confusion will take place. And it is the likelihood of confusion on which trademark legislation focuses on (Allan, 1991). For manufacturers of the leading brand, on the other hand, it is advisable to invest into the distinctive features of

the package design of the leader brand. Investing in visually unique package designs does not only seem to be important to be able to distinguish brands from other brands in a cluttered environment (Van der Lans, Pieters, & Wedel, 2008) and to facilitate brand recognition and recall (Aaker, 1991; Keller, 1993), but also seems to be a powerful tool to ward off imitation attempts of other brands. Furthermore, it is the highly distinctive features of brands that are protected by law (*DigiPos Store Solutions vs. Digi International*, 2008; Jacoby, 2001).

There are several avenues for further research. Firstly, it could be explored if the current findings withstand when processing resources are low, e.g. when consumers are under high cognitive load, or have low involvement. Reactance against insincere tactics requires cognitive effort (Martin, 1986; Schwarz & Bless, 1992), which is unlikely to occur when processing resources are low. It may however be the case that a contrast effect arises even when processing resources are low. When a distinct representation of the leader brand becomes accessible due to explicit imitation of highly distinctive features, it is likely that the leader brand will be used as an anchor against which the copycat is compared, resulting in contrast without first reflecting on the persuasion tactics being used (Stapel, 2007; Stapel & Blanton, 2004).

Furthermore, it would be of interest to explore whether differences in processing style influence the evaluation of theme-based and feature-based copycats. As processing of the distinctive perceptual features is more local, whereas processing of the integrated scene is more global (Torralba et al., 2005), it is of interest to explore how copycat evaluation is affected when there is a fit between imitation type (features versus theme) and processing style (local versus global; Förster et al., 2008; Kimchi & Palmer, 1992; Navon, 1977). How such fit affects the evaluation of the theme-based copycat is of special interest, as it may either be positive or negative. Fit may be helpful, because global processors are more attuned to the spatial relations between the different components

of the scene. As such they will grasp the inferred attribute – represented by the scene – more quickly and transfer of positive associations can take place. However, fit might also be hurtful, as the inferred attribute is distracted so quickly from the scene, global processors may immediately become aware of the insincere tactics being used.

We hope that the present findings contribute to a better understanding of the effectiveness of copycatting in that it shows that, against common practice, imitating abstract themes is more successful than imitating distinctive perceptual features.

CHAPTER 4

COPYCATS AS UNCERTAINTY-REDUCING DEVICES

This chapter is based on Van Horen, F., Pieters, R., & Stapel, D.A. (2010c).
Copycats as uncertainty-reducing devices. *Submitted for publication*.

Imagine that you are on holiday abroad and want to buy an energy drink after a day of hiking. All the brands displayed in the store are unknown to you, and you are uncertain about the quality that they offer. One brand in the assortment, however, looks familiar, because of its similarity in package design with the Red Bull energy drink, although it is clearly not that brand. What is the likelihood that you will buy this brand of energy drink and not an equally attractive other brand that does not show any similarity with the Red Bull energy drink? Now imagine that you are in your own country, in the store around the corner. What is the likelihood that you then would buy a brand that looks similar to a familiar other brand?

Uncertainty about the quality of products (“Will the energy drink be effective?”, “Will the coffee taste good?”) plays a central role in consumer behavior, because it greatly affects effective decision-making (Kirmani & Rao, 2000; Lipshitz & Strauss, 1997). When consumer contexts – such as being abroad – induce uncertainty, consumers tend to seek additional information to reduce these feelings of uncertainty. Copycat brands may benefit under these uncertainty-evoking circumstances.

Copycats imitate the trade-dress of a leading brand in order to transfer the latter’s positive associations to the representation of the copycat (Foxman, Muehling, & Berger, 1990, Howard, Kerin, & Gengler, 2000; Kapferer, 1995; Loken, Ross, & Hinkle, 1986, Warlop & Alba, 2004) and the usage of such copycatting strategy is increasingly prevalent (Lincoln & Thomassen, 2008; Sayman, Hoch, & Raju, 2002). Because the package of the copycat is similar to a well-known brand, copycats can provide familiar cues that consumers rely on when feeling uncertain during decision-making. Then, consumers would knowingly choose copycats.

Such a potential benefit of being a copycat, would be surprising because consumers generally dislike copycats, especially when these are blatant and awareness of the imitation strategy is high (see Chapter 2).

Warlop and Alba (2004, Study 4) showed for instance that consumers prefer a differentiated brand to a highly similar copycat brand when the copycat was positioned as a direct competitor. In a survey, Kapferer (2001) found that consumers perceive direct imitations as intolerable and strongly disapprove of blatant copycats. The extant research has focused however on how package similarity influences copycat evaluation and purchase, without considering the potential influence of contextual factors. We posit and show that copycat evaluation critically depends on contextually induced uncertainty and demonstrate the conditions under which consumers like copycat brands, even when they are fully aware that an imitation strategy has been used.

The principal idea of the present chapter is that copycat brands can serve as uncertainty-reducing devices: when consumers feel uncertain about the quality of products – and leading brands are not available or unknown to consumers – they will systematically favor copycat brands over visually differentiated brands, due to their reliance on familiar cues that signal quality. In contrast however, copycats will be liked significantly less than visually differentiated products when consumers feel certain about product quality. Four studies provide support for this hypothesis. They reveal, across different product categories, that the evaluation, buying intention, and choice of copycats are higher when consumers are in situations that induce uncertainty.

COPING WITH UNCERTAINTY

Purchase decisions are often made under conditions of varying uncertainty regarding the product and its quality. Uncertainty refers to situations in which consumers do not know which choice to make. Such uncertainty typically elicits unpleasant feelings due to the potentially undesirable consequences of the choice, which motivates behavior to reduce uncertainty (Kahneman & Tversky, 1979; Loewenstein, 1994). Such feelings of uncertainty can be reduced by thorough information

search (Dowling & Staeling, 1994; Janis & Mann, 1977; Urbany, Dickson, & Wilkie, 1989), for instance through seeking advice from friends, searching and comparing alternative products and stores, or reading Consumer Reports. However, collecting such additional information can be laborious and time consuming. When time is limited and there is little willingness to extensively search for information and compare alternatives, consumers are likely to search for cues to assess quality in order to reduce uncertainty.

Consumers rely upon extrinsic quality cues to determine brand quality levels and reduce uncertainty (Olson, 1977; Olson & Jacoby, 1972). Quality cues can be transmitted in many forms, including brand name, price, packaging, and advertising expenditures (Dawar & Parker, 1994; Kirmani & Rao, 2000; Zeithaml, 1988). These cues can communicate unobservable quality, because manufacturers will only invest money in advertising and building brand equity when the brand has high quality (Hite, Hite, & Minor, 1991). Studies examining the effects of uncertainty on the usage of cues demonstrated, for instance, that in a multi-attribute choice context established brands were preferred to other branded alternatives, even when all other attributes of the established brands were inferior to those of the less-established brands. This was explained as being due to greater confidence in the quality of established brands (Muthukrishnan, Wathieu, & Xu, 2010). In addition, Dodds, Monroe, and Grewal (1991) showed that consumers, when feeling uncertain about the quality of a product, rely heavily on familiar information cues like the brand name or packaging, to assess the product's worth. Thus, this research demonstrates that when consumers are uncertain about the quality of products, they are guided in their choice by familiar cues. This implies that under conditions of uncertainty and leader brands are not available or unknown, copycats should profit most, as they provide the familiar cues consumers are searching for when feeling uncertain.

COPYCATS AS UNCERTAINTY-REDUCING DEVICES

Copycats imitate the appearance (or “trade-dress”), such as the package design and brand name, of leading national brands. As brands invest heavily in developing differentiating trade-dresses to create strong and favorable associations (Aaker, 1995; Keller 1993), the package-design of the leader brand can prompt, after positive product experiences, inferences about quality and reliability. As such the package is an important component of the product knowledge that consumers have stored in memory and essential as a means of communicating information to consumers (Campbell & Goodstein, 2001). Thus, imitation of the package design of the leader brand can activate knowledge and positive feelings associated with the leader brand and can serve as an important signaling device for quality.

When consumers are uncertain about the quality of products and search for familiar cues to be guided by in their decision-making, they are especially likely to generalize the similarity between exterior physical aspects of the leader brand and the copycat to infer similarity of product quality, performance, and reliability (Collins-Dodd & Zaichowsky, 1999; Ward, Ross, Loken, & Hasapopoulos, 1986). Then, activated positive knowledge of the leader brand will be transferred to the representation of the copycat, resulting in a positive evaluation of the copycat. Thus, we argue that when feeling uncertain, consumers will interpret copycats positively, as they will rely on familiar cues to infer quality. We predict further that this will even be the case when consumers are aware of the copycat strategy being used, because feelings of familiarity will then infuse and dominate decision-making.

However, when consumers feel certain about the quality of products and thus do not need to rely on familiar cues, copycats may be interpreted negatively. When consumers are aware of the fact that a copycatting strategy is being used, similarity may be perceived as an intentional ploy to mislead consumers about product quality (Campbell & Kirmani,

2000; Warlop & Alba, 2004). Then, a copycat is perceived to be just an “impersonator”, and evaluation will be negative. Thus, we hypothesize that evaluation of a copycat is critically dependent on contextually-induced uncertainty.

SET-UP OF THE STUDIES

The context in which brand choices are made can vary in the uncertainty they induce. Although there is a multitude of situational factors that can raise uncertainty, we single out two situations here. The first, more explicit situation, is when people visit a foreign country, for work or pleasure, which is commonplace. When abroad, consumers are often unacquainted with the various product categories and available brands. Because signaling devices are particularly effective in markets for new products or products about which consumers are uninformed (Kirmani & Rao, 2000), consumers are likely to be guided in their decision process by familiar cues and copycats should then profit. This will however not be the case when consumers are in their home country and feel certain about the quality of brands.

A second, more subtle, situation that induces uncertainty, is store-type. The store’s layout, the assortment, the price level and the availability of fresh products can influence the uncertainty perceived about the overall quality of products sold in the store (Dowling, 1986). In comparison to high-end stores, the quality of the product range at discount stores is more variable and perhaps lower, which should fuel consumers’ feelings of uncertainty.

In sum, in this chapter we demonstrate across different product categories that copycats are preferred over visually differentiated products when the situation elicits feelings of uncertainty about product quality, for instance when being abroad (Study 4.1) or when shopping in a discount store (Study 4.3). The pattern reverses when the situation induces feelings of certainty (being at home or shopping in a high-

end store). We demonstrate further that this effect emerges even when consumers are aware that the copycat is trying to take advantage of the leader brand by using an imitation strategy. Additionally, it is shown that the effect is due to a reliance on familiar cues and that source confusion (consumers' belief that the copycat is manufactured in the same factory as the leader brand) cannot account for the effect. Study 4.2 rules out an alternative explanation and in Study 4.4 uncertainty is manipulated directly – instead of indirectly by a specific situation – to provide further support for the idea that it is uncertainty that drives the effect.

STUDY 4.1

METHOD

Participants and Design. Fifty-five (32 males and 23 females, age $M = 20.69$, $SD = 2.24$) undergraduate students participated in the study in return for a monetary compensation of 4 Euros. Participants were randomly assigned to the conditions of a 2 (imitation: no, yes) x 2 (country: home, foreign (China)) mixed design, with imitation as within-participant factor and country as between-participants factor.

Stimuli. Two coffee shop logos were created: one copycat logo and one visually differentiated logo. Starbucks was used as the leader brand, as its logo is unique and easily recognizable. Starbucks is an international coffee shop chain and is a leader in its category. To create the copycat logo (“Usabucks”), the shape of the logo, the green background color, the letter-type and positioning of the brand name were imitated, and – as in the Starbucks logo – a pictorial was displayed at the centre of the logo (see Figure 4.1). The visually differentiated logo (“Coffee express”) did not share any similarities with the Starbucks logo, except for its circular shape, which is the standard shape for most coffee shop logos.

Figure 4.1 *Stimuli used in Study 4.1*¹

A pre-test ($N = 42$, between-subjects, none participating in the main study) revealed that the design of the no similarity-logo and the copycat-logo were rated as equally attractive ($M_{\text{Vis.different}} = 7.19$, $SD = 1.63$; $M_{\text{Copycat}} = 6.76$, $SD = 1.67$, on a nine-point scale), $t(40) = .29$, $p = .77$, and fitted both as well in the product category “coffee shops” ($M_{\text{Vis.different}} = 6.62$, $SD = 1.36$; $M_{\text{Copycat}} = 6.48$, $SD = 1.78$), $t(40) = .84$, $p = .41$. Crucially, the pretest confirmed in addition that the no similarity-logo was perceived as being less similar to the Starbucks logo ($M = 3.29$, $SD = 1.90$), than the copycat-logo was ($M = 8.29$, $SD = .90$), $t(40) = -10.88$, $p < .001$. These results indicate that manipulation of the logos was successful.

Procedure and Measures. Upon arrival, participants were seated in a cubicle in front of a computer screen and were instructed that their task was to evaluate coffee shops. First, participants were shortly presented with several logos of coffee shop chains, including the logo of Starbucks, to ensure equal accessibility of the Starbucks logo to all participants. Then, participants were asked to read a scenario. In the “foreign country” condition, participants had to imagine being in Beijing, China, a city they had never been

¹ For full colored images of the stimuli shown in Chapter 4, see <http://www.femkevanhoren.nl/chapter4.html>

to before and was unknown to them. After an exhausting day, they were looking for a place to rest and have a coffee. The participants read further that in a street nearby the logos of two different coffee shops could be seen. In the “home country” condition, participants read the same scenario, with the exception that they were asked to imagine they were looking for a coffee shop in their home city, a city they knew very well.

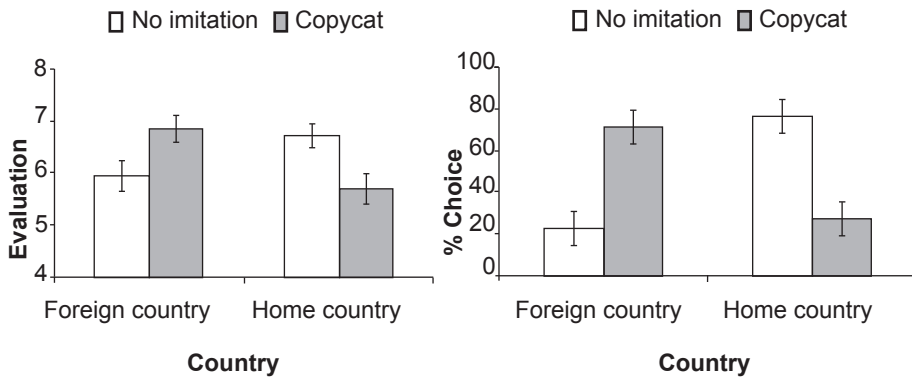
After allowing participants time to imagine the situation, first the copycat-logo and then the no-similarity logo were displayed on the computer screen and participants were asked to evaluate the logos on two semantic differentials with nine-point response alternatives (*negative-positive*, *uninteresting-interesting*, aggregated evaluation scale, $\alpha_s > .76$). In addition, they were asked to indicate their willingness to go to each of the two coffee shops, from 1 (*definitely not*) to 9 (*definitely yes*), and to indicate which of the two coffee shops they would choose to go into to have cup of coffee.

Next, participants indicated whether their evaluation of the coffee shops was guided by familiar cues, on a scale ranging from 1 (*definitely not*) to 9 (*definitely yes*). To assess awareness of the copycats strategy and source confusion, participants were asked to indicate the extent in which they thought each of the coffee shops tried to imitate the Starbucks logo and the extent in which they thought the shops were part of the Starbucks chain, both on a scale from 1 (*definitely not*) to 9 (*definitely yes*). As control variables, participants indicated familiarity with Starbucks, from 1 (*not at all familiar*) to 9 (*highly familiar*), evaluation of Starbucks, from 1 (*negative*) to 9 (*positive*), general attitude towards US chains, from 1 (*negative*) to 9 (*positive*), and coffee consumption, from 1 (*none*) to 9 (*very much*). Finally, as a manipulation check, participants indicated in which country their scenario was situated (all were correct). The evaluation and the willingness to buy measures were highly correlated ($r_s .80$ and $.64$) and collapsed into a single evaluation measure.

RESULTS AND DISCUSSION

Evaluation. A repeated measures ANOVA revealed no main effect of imitation, $F(1, 53) = .024, p = .88, \eta_p^2 = .00$, and of country, $F(1, 53) = .50, p = .48, \eta_p^2 = .009$, but did reveal, as predicted, a significant interaction between imitation and country, $F(1, 53) = 11.81, p = .001, \eta_p^2 = .18$ (see Figure 4.2).

Figure 4.2 *Influence of imitation and country (home versus foreign (China)) on brand evaluation and choice*



Note. Error bars indicate +/- one standard error of the mean.

Planned contrasts showed that, in the “foreign country (China)” condition, evaluation was significantly more positive for the copycat-logo ($M = 6.88, SD = 1.36$) than for the no similarity-logo ($M = 5.97, SD = 1.68$), $F(1, 53) = 5.70, p = .02, \eta_p^2 = .10$. In the “home country” condition the pattern was reversed: evaluation of the copycat-logo was more negative ($M = 5.74, SD = 1.44$), than the evaluation of the no similarity-logo ($M = 6.74, SD = 1.20$), $F(1, 53) = 6.12, p = .02, \eta_p^2 = .10$. Between conditions, the analysis showed that the copycat-logo was evaluated more positively in the foreign country than in the home country, $F(1, 53) = 9.20, p = .001, \eta_p^2 = .15$, whereas the results for the no similarity-logo were reversed, $F(1, 53) = 3.72, p = .06, \eta_p^2 = .07$. None of the control variables affected the evaluation measure when entered as covariates ($F_s < 1$).

Choice. Consistent with the findings on the evaluation measure, a conditional logit regression analysis showed that the main effect of imitation on choice was not significant, $\beta = .12$, $z = .38$, $p = .70$, whereas the interaction between imitation and country was significant, $\beta = -2.17$, $z = -3.48$, $p < .001$ (see Figure 4.2). In the foreign country (China), the probability of choosing the copycat coffee shop was higher (77%), than the probability of choosing the no similarity coffee shop (23%), $\beta = -.97$, $z = -2.32$, $p = .02$, but in the home country the probability of choosing the copycat coffee shop was lower (28%) than the probability of choosing the no similarity coffee shop (72%), $\beta = 1.20$, $z = 2.59$, $p = .01$.

Mediation analysis. We hypothesized that a copycat is evaluated more positively than a visually differentiated product in uncertainty-inducing situations, such as being abroad, because people in these types of situations are likely to attend to and rely on familiar cues. This is however not the case when people are certain about the quality of products, e.g., when in their home country. As predicted, the results of the mediation analysis showed that the difference in evaluation between the no-similarity and the copycat logo in the two countries was mediated by the extent in which participants relied on familiar cues. The analyses revealed that the country manipulation significantly predicted the evaluation difference score, $\beta = -1.91$, $t = -3.44$, $p = .001$, and the mediating variable 'reliance on familiar cues', $\beta = -.49$, $t = -5.25$, $p = .03$. When both the country variable and the mediating variable were included in the same model, the analyses showed that the effect of the mediating variable remained significant, $\beta = -.42$, $t = -4.19$, $p < .001$, whereas the effect of the country variable dropped, $\beta = -1.05$, $t = -1.98$, $p = .06$. The results of the Sobel test confirmed the significance of this mediated relation ($z = -2.67$, $p < .001$).

Awareness of copycat strategy and source confusion. We hypothesized that copycats will be evaluated more positively than visually differentiated products, when uncertainty is induced, even when consumers are fully

aware of the copycat strategy being used. The results of the repeated measures ANOVA confirmed this prediction and revealed a main effect of imitation on the awareness of copycat strategy variable, $F(1, 53) = .512, p = .48, \eta_p^2 = .01$, but, as predicted, no main effect of country, $F(1, 53) = 170.58, p < .001, \eta_p^2 = .76$, and no interaction between imitation and country, $F(1, 53) = 1.66, p = .21, \eta_p^2 = .03$. Participants thought that the coffee shop with the copycat logo tried to imitate Starbucks more than the coffee shop with the visually differentiated logo did. The planned contrast between countries revealed however that there was no difference between countries in the extent in which participants thought that the coffee shop with the copycat logo tried to imitate the Starbucks logo ($M_{\text{Foreign}} = 7.92, SD = 1.90, M_{\text{Home}} = 7.21, SD = 2.23$), $F(1, 53) = 1.63, p = .21, \eta_p^2 = .03$. Thus, even though consumers evaluated the copycat logo significantly more positively in the foreign condition than in the home condition, they were in the foreign condition as aware as in the home condition that an imitation strategy was used by the coffee shop with the copycat logo.

Further, it was investigated whether the effects could alternatively be explained by source confusion, i.e., the belief that the copycat product has the same origin as the leader brand. The results of the repeated measures ANOVA showed however that this was not the case, as it revealed a main effect of imitation, $F(1, 53) = 35.08, p < .001, \eta_p^2 = .40$, but no significant interaction between imitation and country, $F(1, 53) = .23, p = .64, \eta_p^2 = .004$. These results showed that participants thought that the coffee shop with the copycat logo was more likely to be part of the Starbucks chain than the coffees shop with the visually differentiated logo. There was however no difference between the foreign and home condition in how much participants thought that the coffee shop with the copycat logo belonged to the same chain as Starbucks and source confusion was low in general ($M_{\text{Foreign}} = 5.24, SD = 2.57$ and $M_{\text{Home}} = 4.62, SD = 2.65$), $F(1, 53) = .79, p = .38, \eta_p^2 = .02$.

These results support the hypothesis that when people are uncertain about the quality of products (i.e., being abroad), a copycat is preferred to a product that does not show any similarities with a leader brand, even when participants are clearly aware that an imitation strategy is being used. The opposite pattern emerged when people are certain about the quality of the products (i.e., at home). These results are due to a reliance on familiar cues. Thus, when being abroad and uncertainty is elicited, people are more likely to choose a copycat. Then, package similarity provides consumers with the quality cues they are searching for when feeling uncertain.

However, one might argue that because China is not a traditional producer of coffee, participants may have expected higher quality of coffee from a coffee shop with a logo that refers to the Western world, than from a coffee shop that does not. Thus, instead of the results being due to a positive copycat effect under uncertainty, the results could alternatively be due to an unintended negative country/expertise effect for the differentiated brand (presumably a Chinese brand) under uncertainty. Study 4.2 was designed to address the issue.

STUDY 4.2

The same set up was used as in Study 4.1, but this time the copycat and the no-similarity logo were rated in two countries – China and Colombia – that both induced uncertainty, but differed in their expertise in coffee production. When the results of Study 4.1 are due to a country/expertise effect an interaction between imitation and country would be expected. When the results are, as we predict, instead caused by a copycat effect, a main effect would be expected, such that the copycat-logo is evaluated more positively, independent of country.

METHOD

Selection of country. Twenty participants indicated the coffee quality of five different countries (Indonesia, China, Guatemala, Colombia, and

Mexico), ranging from 1 (*very low quality*) to 9 (*very high quality*) and the extent in which they felt in general uncertain about the quality of products in these countries, from 1 (*definitely not*) to 9 (*definitely yes*). Colombia was considered highest and China lowest in coffee quality ($M_{\text{Columbia}} = 7.15$, $M_{\text{Guatemala}} = 6.60$, $M_{\text{Indonesia}} = 6.30$, $M_{\text{Mexico}} = 5.65$, $M_{\text{China}} = 4.60$), $F(1, 19) = 19.46$, $p < .001$, but they were equal with respect to the uncertainty about the general quality of products ($M_{\text{Columbia}} = 5.70$, $M_{\text{Guatemala}} = 5.95$, $M_{\text{Indonesia}} = 5.30$, $M_{\text{Mexico}} = 5.70$, $M_{\text{China}} = 6.05$), $F(1, 19) = .92$, $p = .35$. This is desirable, because to demonstrate whether differences in evaluation can be attributed to a copycat-effect instead of an expertise effect, the two selected countries should differ in coffee quality, but not in induced feeling of uncertainty regarding general product quality.

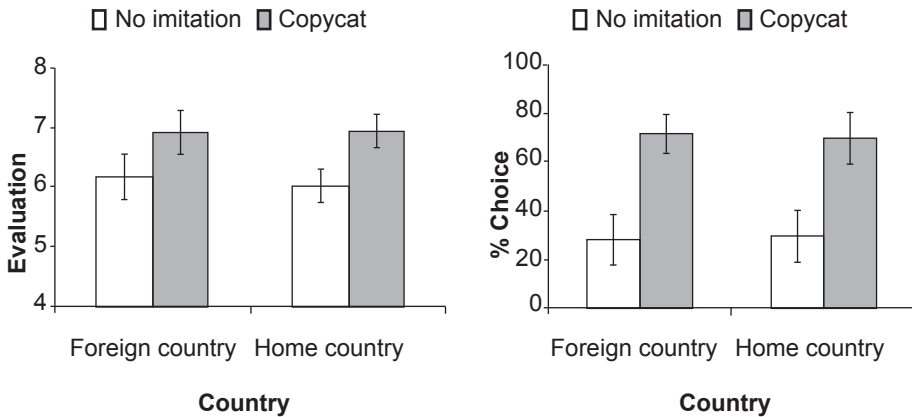
Participants and Design. Forty-one (17 males and 24 females, age $M = 20.88$, $SD = 2.10$) undergraduate students participated in the study in return for a monetary compensation of 4 Euros. Participants were randomly assigned to the conditions of a 2 (imitation: no, yes) \times 2 (country: China, Colombia) mixed design, with imitation as within-participant factor and country as between-participants factor.

Procedure and Measures. The general set up, stimuli (coffee shop logos) and scenario, were the same as in Study 4.1, with the only difference being that participants either had to imagine they were on a business trip in Beijing (China), or Bogota (Colombia). Then, participants were asked to evaluate the coffee shops on the same semantic differentials as used in Study 4.1 ($\alpha_s > .91$), to indicate their willingness to go into each of the coffee shops, and to indicate their final choice. The same control variables were used as in Study 4.1. Finally, as a manipulation check, participants indicated in which country their scenario played (all were correct). Again, the evaluation and the willingness to buy measures were collapsed into a single evaluation measure ($r_s > .77$).

RESULTS AND DISCUSSION

Evaluation. Three participants (foreign exchange students familiar with China) were excluded from the analyses, leaving $N = 38$ for final analyses. As predicted, a repeated measures ANOVA revealed a significant main effect of imitation, $F(1, 36) = 5.97, p = .02, \eta_p^2 = .14$, but no main effect of country, $F(1, 36) = .097, p = .76, \eta_p^2 = .003$, and no significant interaction between imitation and country, $F(1, 36) = .034, p = .85, \eta_p^2 = .001$ (see Figure 4.3).

Figure 4.3 *Influence of imitation and country (China versus Colombia) on brand evaluation and choice.*



Note. Error bars indicate +/- one standard error of the mean.

Planned contrasts showed for both foreign countries (China and Colombia) that evaluation was more positive for the coffee shop with the copycat logo ($M_{\text{China}} = 6.94, SD = 1.57$; $M_{\text{Colombia}} = 6.97, SD = 1.25$) than for the coffee shop with the no-similarity logo ($M_{\text{China}} = 6.03, SD = 1.63$; $M_{\text{Colombia}} = 6.19, SD = 1.26$), but only marginally so, $F(1, 36) = 3.28, p = .07, \eta_p^2 = .09$ and $F(1, 36) = 2.69, p = .10, \eta_p^2 = .08$, respectively. As in Study 4.1, the control variables did not affect the combined evaluation/willingness to buy measure when entered as covariates ($F_s < 1$).

Choice. A conditional logit regression analysis showed additionally that, consistent with the results on evaluation, the main effect for imitation was significant, $\beta = .90, z = 2.51, p = .01$, whereas the interaction between imitation and country was not, $\beta = -.11, z = -.015, p = .88$. Further analyses revealed that the probability to choose the coffee shop with the copycat logo was in both countries marginally higher (72% and 70% respectively) than the probability to choose the coffee shop with the no-similarity logo (28% and 30%), $\beta = .96, z = 1.82, p = .06$ for China and $\beta = .85, z = 1.74, p = .08$ for Colombia.

Thus, these results demonstrate that the positive evaluation of the copycat cannot be attributed to an expertise effect, but is indeed due to a copycat-effect. When uncertainty is elicited due to being abroad and leader brands are unavailable, people are more likely to choose a copycat, as its package similarity provides consumers with quality cues they search for when feeling uncertain. Being abroad is only one situation that induces uncertainty about product quality. Study 4.3 tests whether the hypothesized effects appear in another, less explicit, situation, namely the type of store (discount store versus high-end store). The layout, assortment, and price level in a specific store are important indicators of overall product quality (Dowling, 1986). As compared to a high-end store, consumers will feel more uncertain about product quality when shopping in a discount store. We predict that evaluation of copycats as compared to visually differentiated products will be more positive in a discount store than in a high-end store. In addition, it is tested that this difference in evaluation is not due to source confusion (i.e., believing that the copycat is manufactured in the same factory as the leader brand).

STUDY 4.3

METHOD

Participants and Design. Sixty (37 males and 23 females, age $M = 20.53, SD = 2.53$) undergraduate students participated in the study

in return for a monetary compensation of 4 Euros. Participants were randomly assigned to the conditions of a 2 group design (store: discount, high-end).

Stimuli. Two packages were created within the product category “milk chocolate”. Milka chocolate was used as the leader brand. Milka is a well-known chocolate brand in the local market and the trade-dress of Milka is unique and clearly identifiable. Two packages were created: one Milka copycat (“Lecha”) and one visually differentiated product (“Davinia”). To create the copycat package, the lilac color, the Milka-cow, and the creamy-white letter-type were imitated from the original Milka package. The package of the visually differentiated product did not show any similarity with the Milka package (see Figure 4.4).

Figure 4.4 *Stimuli used in Study 4.3*



Two separate pre-tests ($N = 30$ and $N = 38$, both between-subjects, none participating in the main study) established that the two packages did not differ in overall attractiveness ($M_{\text{Vis.different}} = 4.13$, $SD = 1.41$; $M_{\text{Copycat}} = 4.53$, $SD = 1.30$, seven-point scale), $t(28) = -.81$, $p = .43$, but did differ in similarity with the leader brand Milka ($M_{\text{Vis.different}} = 3.20$, $SD = 1.94$; $M_{\text{Copycat}} = 7.50$, $SD = 1.30$, nine-point scale), $t(36) = -.795$, $p < .001$.

Procedure and Measures. Participants were seated in a cubicle, in front of a computer, and asked to imagine that a new supermarket would soon be opened in the city they lived in. For half of the participants this store was described as a typical discount store (small assortment, primarily low quality store brands, pre-packaged food, display of products in boxes). For the other half of the participants this store was

described as a typical high-end store (large assortment, high quality store brands and national brands, fresh products, spacious display). To improve visualization of the described shop, participants were asked to take a few seconds to imagine shopping in this specific type of store. Subsequently, the packages of the copycat and the visually differentiated product were displayed for several seconds on the computer screen. Then, participants were asked to evaluate the copycat as compared to the visually differentiated product (“As compared to “Davinia”, I think that “Lecha” is...” on the same two semantic differential scales used in Study 4.1 and 4.2, $\alpha = .86$).

To assess source confusion, participants were indicated the extent in which they agreed with the statement “I think that “Lecha” and “Milka” are manufactured in the same factory”, ranging from 1 (*strongly disagree*) to 9 (*strongly agree*). Finally, participants indicated their risk perception (“The different types of milk chocolate that are available in the supermarket are all of similar quality”), from 1 (*strongly disagree*) to 9 (*strongly agree*) and their familiarity and evaluation of the leader brand on the same scales as used in Study 4.1 and 4.2.

RESULTS AND DISCUSSION

Three participants (not fluent in the local language) were excluded, leaving $N = 57$ for the analyses. The results of the ANOVA revealed as predicted, that – compared to a visually differentiated product – the copycat was evaluated more positively in a discounter ($M = 6.50$, $SD = 1.80$) than in a high-end store ($M = 5.32$, $SD = 2.26$), $F(1, 57) = 4.70$, $p = .03$, $\eta_p^2 = .08$. Further analyses revealed however that participants in the discount store condition anticipated more often that “Lecha” was produced in the same factory as Milka ($M = 4.63$, $SD = 2.51$) than in the high-end store condition ($M = 3.40$, $SD = 2.22$), $F(1, 55) = 3.84$, $p = .05$, $\eta_p^2 = .07$. This possibly indicates that the positive evaluation of the copycat is due to source confusion rather than, as we predict, uncertainty induced by the type of store. A follow-up covariance

analysis revealed, however, that this was not the case. When entered as a covariate, source confusion was not significant, $F(1, 54) = 1.55$, $p = .22$, $\eta_p^2 = .03$, whereas the effect for store remained marginally significant after including source confusion, $F(1, 54) = 3.20$, $p = .07$, $\eta_p^2 = .07$. The control variables, risk perception, brand familiarity, and evaluation of the leader brand Milka, did not account for any variation when entered as covariates ($F_s < 1$).

These results demonstrate that consumers evaluate copycats more positively when in a discount store, where they are less certain about product quality, than in a high-end store. These effects are shown not to be due to source confusion. So far we have reasoned that the evaluation and choice of copycats is dependent on the extent in which consumers feel uncertain about the quality of products. However, until now we tested this assumption indirectly, via the induction of feelings of uncertainty through specific situations. In Study 4.4, uncertainty was manipulated directly, instead of indirectly, to provide support for the idea that uncertainty is indeed the underlying mechanism.

STUDY 4.4

METHOD

Participants and Design. Fifty-five (31 males and 24 females, age $M = 19.98$, $SD = 2.01$) undergraduate students participated in the study in return for a monetary compensation of 4 Euros. Participants were randomly assigned to the conditions of a 2 (imitation: no, yes) \times 2 (induction: uncertain, certain) mixed design, with imitation as within-participant factor and induction as between-participants factor.

Stimuli. Two packages (a copycat and a visually differentiated product) were created within the product category “energy drinks” (see Figure 4.5).

Figure 4.5 *Stimuli used in Study 4.4*

Leader brand



Copycat brand



Differentiated brand

Red Bull energy drink was used as the leader brand as it is a well-established leader in the energy drinks category and has a distinctive trade-dress. To create the copycat package, the silver-blue color combination, the red-colored bull, and the pink-red letter-type were imitated from the original Red Bull package. Furthermore, the brand name “Bull fighter” was similar to the brand name Red Bull. The package of the visually differentiated product did not share any similarities with the Red Bull package, neither in name (“Emerge”), nor in design.

A pre-test ($N = 33$, between-subjects, none participating in the main study) established, as intended, that the design of the package of the visually differentiated energy drink and the copycat energy drink were rated as attractive ($M_{\text{Vis.different}} = 4.75$, $SD = 1.48$; $M_{\text{Copycat}} = 4.76$, $SD = 1.95$, on a nine-point scale), $t(31) = -.024$, $p = .98$, but that the visually differentiated energy drink looked less similar to the Red Bull energy drink ($M = 2.12$, $SD = 1.46$) than the copycat energy drink ($M = 7.47$, $SD = 1.51$), $t(31) = -10.36$, $p < .001$. Participants indicated that the visually differentiated brand fitted less well in the product category energy drinks ($M = 3.25$, $SD = 1.53$) than the copycat brand ($M = 4.59$, $SD = 1.87$), $t(31) = -2.24$, $p = .03$.

Procedure and Measures. General set up was the same as in the other studies. Participants were told to participate in a study on product evaluation.

First, to ensure equal accessibility of the Red Bull package, participants were first presented with a picture of several brands in the product category “energy drinks”, including Red Bull. Then, participants were instructed to read a scenario. In the uncertainty (certainty) condition they were asked to imagine being in an unfamiliar (familiar) place doing shopping in a supermarket that was unknown (well known) to them. They read: “You do not know any of the products (you know all the products) that are sold in this supermarket. You are uncertain (certain) about the quality of the products, as you do not know (know) what the good and bad brands are”. A pre-test ($N = 36$) confirmed that participants in the uncertainty condition felt less certain about the quality of the products in the shop ($M = 1.72$, $SD = .75$) than participants in the certainty condition ($M = 8.22$, $SD = .73$), $t(34) = -26.28$, $p < .001$.

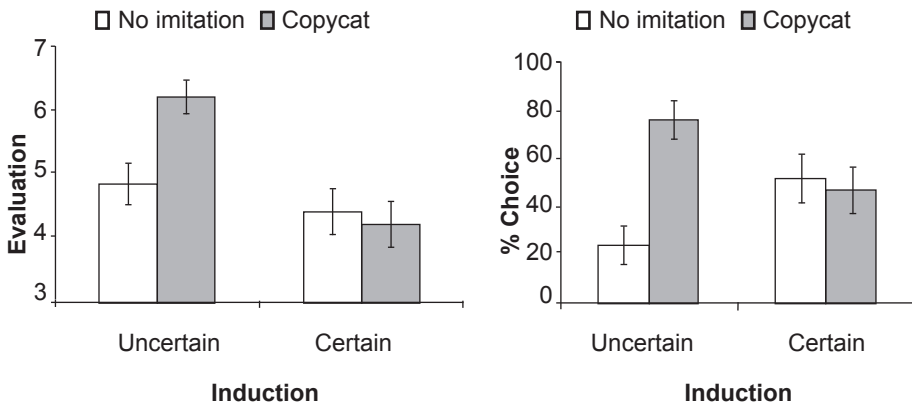
After participants read the scenario, they were asked to imagine they wanted to buy an energy drink in the shop they just read about. Next, the packages of the copycat and the visually differentiated energy drink were displayed for several seconds on the computer screen and participants were asked to evaluate each of these energy drinks on the same two semantic differential scales as used in the other studies ($\alpha > .83$). They were further asked to indicate their willingness to buy each of the energy drinks, and to make a choice. Control variables were the same as in Study 4.3. As in Study 4.1 and 4.2, the evaluation and willingness to buy measures were collapsed ($rs > .81$).

RESULTS AND DISCUSSION

Evaluation. One participant (not fluent in the local language) was excluded from further analyses, leaving a total of $N = 53$. A repeated measures ANOVA revealed no main effect of imitation, $F(1, 52) = 2.69$, $p = .11$, $\eta_p^2 = .05$, a significant main effect of induction, $F(1, 52) = 13.36$, $p = .001$, $\eta_p^2 = .20$, and, as predicted, a significant interaction between imitation and induction, $F(1, 52) = 5.10$, $p = .03$, $\eta_p^2 = .09$ (see Figure 4.6).

Planned contrasts showed that, consistent with the hypothesis, evaluation was more positive for the copycat energy drink ($M = 6.22$, $SD = 1.48$) than for the visually differentiated product ($M = 4.89$, $SD = 1.70$) when participants were uncertain about product quality, $F(1, 52) = 8.21$, $p = .001$, $\eta_p^2 = .14$. When they were certain, there was no difference in results between the copycat ($M = 4.28$, $SD = 1.82$) and the visually differentiated product ($M = 4.49$, $SD = 1.85$), $F(1, 52) = .18$, $p = .68$, $\eta_p^2 = .003$. Between conditions the analyses showed that the copycat was more positively evaluated when being uncertain than being certain, $F(1, 52) = 18.52$, $p < .001$, $\eta_p^2 = .26$, whereas the evaluation of the visually differentiated product was equal over conditions, $F(1, 52) = .68$, $p = .41$, $\eta_p^2 = .013$.

Figure 4.6 *Influence of imitation and induction on evaluation and choice*



Note. Error bars indicate +/- one standard error of the mean.

Choice. A conditional logit regression analysis revealed a marginally significant main effect for imitation, $\beta = .53$, $z = 2.51$, $p = .07$, and, consistent with the findings on evaluation, a significant interaction between imitation and induction, $\beta = -1.23$, $z = -.015$, $p = .04$. The planned contrast showed additionally that in the uncertainty condition the probability to choose the copycat was higher (76%) than the probability

to choose the visually differentiated product (24%), $\beta = 1.15$, $z = 2.64$, $p = .01$. In the certainty condition, the probability to choose the visually differentiated product was as high as the probability to choose the copycat (52% and 48% respectively), $\beta = -.08$, $z = -.20$, $p = .84$.

These results provide direct proof supporting the idea that the observed effects are driven by uncertainty and show that copycats are liked more when people feel uncertain about the quality of products, whereas they are liked less when people feel certain. Interestingly, evaluation and choice of the visually differentiated product was not higher than of the copycat energy drink, when certainty was induced. Possibly these results can be explained by the lower fit of the package of the visually differentiated product in the product category energy drinks, as indicated by the pre-test.

GENERAL DISCUSSION

Four studies provide strong support for the hypothesis that copycats can serve as uncertainty-reducing devices. That is, consumers like copycats more than visually differentiated products when the situation induces feelings of uncertainty about the quality of products – for instance when being abroad or when shopping in a discount store. The same copycat is however liked less than the visually differentiated product when the situation induces feelings of certainty – for instance when being at home or when shopping in a high-end store. In addition, this research shows that the positive evaluation of copycats in uncertainty inducing situations is due to consumers' reliance on familiar cues that signal quality and cannot be attributed to source confusion. The demonstration of these effects across three different product categories further proves the robustness of the mechanism.

The results presented in this chapter demonstrate compellingly that copycat evaluation is context dependent: consumers like copycats when feeling uncertain about product quality, but dislike them when

feeling certain. It was however less convincingly shown that preference for visually differentiated products increases when the situation induces certainty. This either indicates that after certainty is induced, copycat evaluation does not drop sufficiently to fall below the evaluation of the differentiated product, or that certainty makes consumers not confident enough to opt for different, unfamiliar and new products. The pre-test of Study 4.4 revealed however that the particular package design of the visually differentiated energy drink did not fit with the product category. Possibly, unknown brands with unfamiliar package designs are only liked when fit is high and consumers feel certain enough to be willing to try out something new and different, like in Study 4.1 (see also Campbell & Goodstein, 2001).

These results have implications for the current understanding of when consumers like or dislike copycats and for copycat theory and practice. First, the present research is, to our knowledge, the first to demonstrate that the specific shopping situation critically determines copycat evaluation and choice. This indicates that choice of lookalike products can be boosted by subtle contextual factors, which underlines the importance of moving beyond package similarities between copycat and leader brand to understand copycat effects and of incorporating the circumstances under which copycat evaluation takes place. Here the effect of uncertainty was introduced. We investigated two situations eliciting uncertainty, a more explicit situation (being abroad), and a more subtle and commonly occurring situation (visiting a discount store). Other situations warrant study, to explore whether various types of uncertainty-inducing situations affect the preference for copycats (for instance by creating uncertainty with offering many as compared to few choices) and whether the results reverse when people are aware of the uncertainty causing this preference.

Second, the findings provide deeper understanding into the processes underlying the effectiveness of a lookalike strategy and demonstrate why consumers sometimes prefer copycats to visually differentiated brands,

even when they are fully aware of the persuasion strategy being used. The finding that in uncertain situations similarity in package design helps consumers to reduce this uncertainty is consistent with the signaling literature (Erdem & Swait, 1998; Kirmani & Rao, 2000), but surprising with regard to the notice that awareness of obvious imitation tactics typically causes reactance (see Chapter 2 this dissertation; Warlop & Alba 2004, Study 4).

This finding has important implications for when imitation strategies should be used and by whom. For instance, copycat products should especially be offered in stores dealing with a high influx of tourists, as tourists are unfamiliar with the local products and are more likely to feel uncertain about product quality. Furthermore, instead of uncertainty induced by the context, uncertainty may also be induced by specific types of products. The quality of products like medications or vitamin pills is inherently more uncertain than of aluminium foil or canned tomatoes. For such products it would be advisable to develop a package-design that shows similarity with something well-known, rather than being different. At the flip-side of the coin, visually differentiated brands could override a copycat's advantage in providing cues suggesting quality-certainty other than package similarity, for instance by using labels that indicate "fresh ingredients", "classic receipt" or "quality guarantee" (Verbeke & Ward, 2006). Another option would be to increase the price of a visually differentiated, but equally good looking product. Given the belief that price and quality are positively related, consumers use price naturally as an indicator of quality (Dodds, Monroe, & Grewal, 1991).

An interesting possibility that could be explored as a follow-up is by varying the choice context. In the present studies participants were asked to evaluate and chose one out of two products: a blatant copycat and a product showing no similarity with the leader brand. In a regular shopping situation, consumers have a wider range of products to choose from, varying in similarity with the leader brand. Further research could examine whether blatant imitation is a prerequisite for

the found effects to occur, or whether more subtle imitations would in fact cause even stronger effects. Subtle imitations provide the familiar cues consumers search for when feeling uncertain, but are less likely to trigger awareness of imitation strategies, and for brand equity to serve as a signal, credibility is key (Erdem & Swait, 1998). It could however also be argued that blatant imitation is needed, as only strong reminders of something familiar will sufficiently reduce feelings of uncertainty and dominate decision-making.

Recently, the British Brands Group described copycats as products where “distinctive features of a brand’s packaging are hijacked in order to trick shoppers into buying something they believe to be the brand” (Shelf Life, 2008). The current research shows that even when fully aware and thus not tricked, consumers may still buy copycats to reduce feelings of uncertainty. Hence, whereas consumers generally prefer differentiated brands to blatant copycats, the reverse holds true under the common situations when consumers feel uncertain.

CHAPTER 5

GENERAL DISCUSSION

Just as Turner emulated his predecessors to profit from their success, copycats imitate successful leader brands to free-ride on their marketing efforts and reputations. Product imitation strategies are used deliberately and frequently. In 1993, a private label manufacturer supplied no less than 857 knockoffs of leading brands to major chains like Walmart and Rite Aid stores (Finch, 1993), and an estimated one out of two store brands imitates leading manufacturer brands (Lincoln & Thomassen, 2008). It is however less clear when such copycat strategies are successful and why. This dissertation provides some answers to this question and offers several new and counterintuitive insights which contribute to the understanding of this prevalent marketing phenomenon.

In this last chapter, I will first provide a summary of the main findings. Then, I will discuss the theoretical contribution of the findings and introduce a model that describes when copycat strategies are likely to be effective. Next, I will indicate some implications for marketing theory, followed by some practical recommendations for marketers and lawyers dealing with trademark infringement issues. Finally, I will address some avenues for further research.

SUMMARY OF THE MAIN FINDINGS

The extant marketing research on product imitation has focused primarily on consumer confusion and has emphasized the threat posed by high similarity copycats. By examining the mechanisms underlying copycat effectiveness beyond confusion, this dissertation contributes to the existing literature in at least four ways. First, it shows that extreme copycats can backfire and reduce consumer's liking of copycats. Second, it reveals that subtler forms of copycatting can free-ride more effectively than more blatant forms. Third, it demonstrates that, besides amount of imitation (*how much* is imitated) type of imitation (*what* is imitated) matters. Fourth, it points out that in addition to package similarity, the relational context has a crucial impact on copycat evaluation. These new

insights are covered in detail in the three empirical chapters of this dissertation.

Chapter 2. In the first empirical chapter, we investigated the circumstances under which high similarity copycats lose and moderate similarity copycats gain. We posited that in addition to similarity between the copycat and the leader brand, copycat evaluation is critically dependent on evaluation mode. In line with our predictions, we showed that when evaluation takes place noncomparatively, high similarity copycats were evaluated more positively than moderate and low similarity copycats, which is in concordance with the extant literature. However, when evaluation takes place comparatively, moderate similarity copycats are evaluated more positively than high and low similarity copycats. Comparative evaluation takes place when the leader brand is present, rather than absent, during copycat evaluation and when a lawyer, rather than a consumer, perspective is taken. These results add to the literature by showing that context matters: the influence of similarity on copycat evaluation is dependent on product presentation at the point-of-purchase and the perspective that is taken. Furthermore, it demonstrates that – contrary to the general belief – blatant imitations are sometimes less hazardous than subtle imitations and that more attention for subtle imitations is warranted.

Chapter 3. In the previous chapter, it was shown that copycat evaluation depends on both package similarity and the circumstances in which the copycat and leader brand are evaluated (induction of evaluation mode). Chapter 3 zoomed in on the effects of package similarity and investigated how *type* of imitation influences liking and purchase of copycats. It examined, instead of *how much* is imitated (the amount of aspects copied), how *what* is imitated affects copycat evaluation. Based on the perception literature, we distinguished between feature-based copycats and theme-based copycats and showed that, contrary to common practice, imitating themes (e.g., freshness of Alpine milk, communicated by the Milka brand) is a more effective copycatting

strategy than imitating a product's distinctive perceptual features (e.g., Milka chocolate's purple label). Theme-based copycats are evaluated more positively and purchased more often because its more subtle imitation tactic elicits positive feelings, but does not heighten consumers' awareness of the insincere tactics being used by the marketer. These results contribute to the existing literature by showing that imitation type determines the effectiveness of copycats. Furthermore, it illustrates that, although copycat manufactures tend to explicitly imitate the leader brand's features, it is wiser to imitate subtle themes, than to imitate distinctive features.

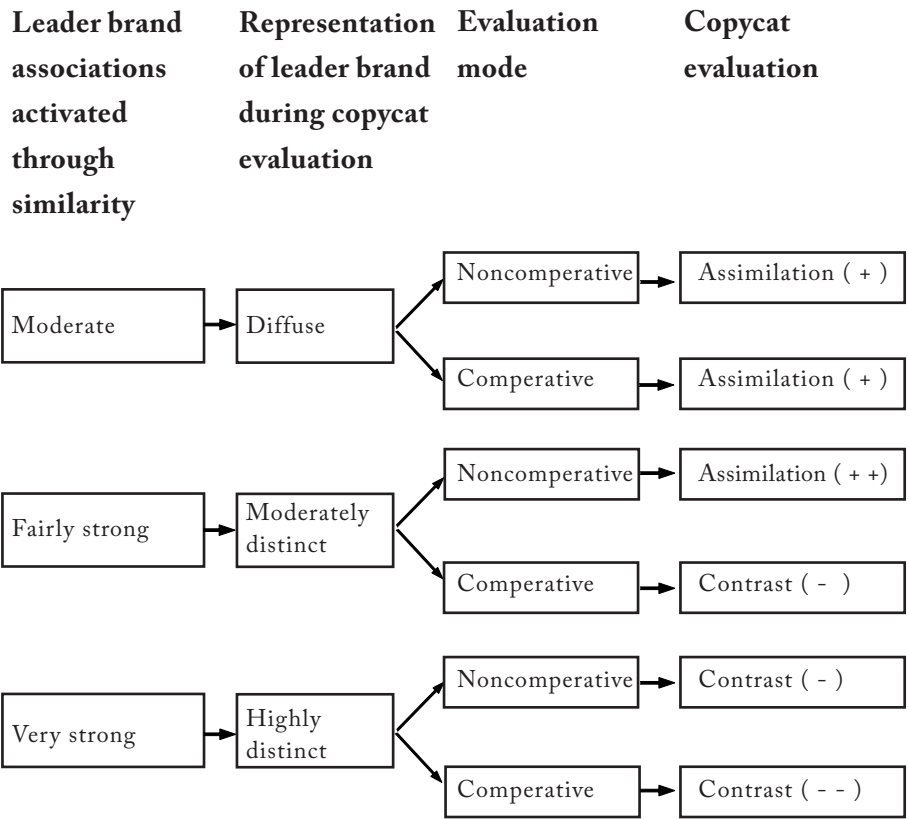
Chapter 4. In Chapter 4, we moved beyond the effects of how different degrees of similarity between determine copycat evaluation degree of similarity and focus how specific shopping contexts influence the evaluation of the same copycat. We show that copycat evaluation critically depends on contextually induced uncertainty. The principal idea investigated in Chapter 4 was whether copycats could serve as uncertainty-reducing devices. The findings showed that when the situation elicits feelings of uncertainty about the quality of products (e.g., while abroad or when shopping in a discount store), blatant imitations were systematically favored over visually differentiated brands, even when consumers were fully aware of the imitation tactics being used. Such preference for copycats when feeling uncertain, was due to a reliance on familiar cues that signal quality. Copycats were, however, disliked when consumers felt certain about quality (e.g., while at home or shopping in a high-end store). In addition, the same effects were observed after uncertainty was induced directly, providing unequivocal support for the underlying "uncertainty reduction" mechanism. These results provide an important addition to the literature, as they indicate that choice of lookalike products is boosted by subtle contextual factors. This underlines the necessity of taking into account the circumstances under which copycat evaluation takes place, besides solely investigating the effects of package similarities, in order to fully understand copycat effects.

In sum, the research described in the present dissertation demonstrated when copycat strategies are effective and why. We showed that whether imitation helps copycats and results in a positive evaluation, or hurts copycats and results in a negative evaluation, depends on both similarities in packaging (amount and type of imitation) and the circumstances under which the copycat is evaluated (how products are ordered on the shelves, whether a lawyer or consumer perspective is taken, and whether the context induces uncertainty). The effects were demonstrated by using lawyers, students, and household panels as samples, by using brand names and packaging as stimuli, and by using survey and experimental designs. Furthermore, the effects were tested in numerous product categories to demonstrate the robustness of the effects, all adding rigor to the studies presented in this dissertation.

WHEN ARE COPYCATS EFFECTIVE?

The present dissertation gives some valuable insights into understanding what makes a copycat strategy successful. In the following section, a theoretical model is introduced that describes when copycat evaluation will shift towards the positively evaluated leader brand (assimilation), and when copycat evaluation will shift away from the leader brand (contrast). As explained in the introduction, and further addressed in Chapter 2 and 3, we based our theorizing of the effectiveness of a copycat strategy on knowledge accessibility theories and hypothesized that the distinctness of the representation of the leader brand, activated by packaging similarity, plays a pivotal role in copycat evaluation. Furthermore, we hypothesized that in addition to package similarity, the relational context in which the copycat is evaluated (evaluation mode) is an important factor determining copycat evaluation. A summary of the findings of Chapter 2 and 3 can be best portrayed by the following model, which predicts copycat effects (see Figure 5.1).

Figure 5.1 *How leader brand associations, distinctness, and evaluation mode determine copycat evaluation*



This model shows that copycat evaluation is dependent on leader brand associations activated through similarity, which in turn activates a more distinct or less distinct representation of the leader brand. Depending on whether the context induces noncomparative or comparative evaluation, either assimilation or contrast will occur.

The distinctness of the representation of the leader brand and subsequent copycat evaluation is determined by the amount, strength, and uniqueness of activated leader brand associations. Leader brand associations are activated through packaging similarity, by varying either the amount of imitation (Chapter 2) or type of imitation (strength and uniqueness of associations, Chapter 3). When packaging similarity

itself does not retrieve an image distinct enough to result in contrast (when leader brand associations are fairly strong), the model shows that comparative evaluation may provide the additional push for contrast to emerge. In the present research, comparative evaluation was induced when the leader brand was present, rather than absent and a lawyer, rather than consumer, perspective was taken. The following propositions can be derived from the above model:

- Proposition 1: Evaluation of copycats is an inverted U function of the distinctness of the representation of the leader brand
- Proposition 2: Leader brand distinctness is a linear function of leader brand associations activated through packaging similarity
- Proposition 3: In addition to the amount of imitated aspects that are shared versus non-shared, similarity between the copycat and the leader brand is defined by (a) the strength and (b) the uniqueness with which the imitated aspects are associated with the leader brand

This model and its derived propositions differentiate from extant marketing and legislative literatures in two important ways. First, contrary to the literature which indicates that increased activation of leader brand associations uniformly increases copycat evaluation (Loken, Ross & Hinkle, 1986; Miaoulis & d'Amato, 1978), this model predicts that copycats are most effective when activated leader brand associations are moderate or fairly strong, instead of very strong. Second, this model proposes that copycat evaluation is not solely dependent on the amount of aspects being imitated (which is how similarity is most often operationalized, both in copycatting (e.g., Kapferer, 1996; Zaichkowsky, 1995; 2006) and in the legislative literature (Jacoby,

2001; Mitchell & Kearny, 2002; see also cases like *Unilever v. Albert Heijn*, 2005), but that, in addition, the strength and uniqueness of associations importantly determine the distinctness of the leader brand image and subsequently copycat evaluation. This implies that it is only effective to imitate many aspects (to be highly similar in traditional terms) when leader brand associations are less strong and less unique (i.e., when the equity of the leader brand is rather weak). Likewise, it will be less effective to imitate aspects that are very strongly and uniquely associated with the leader brand even when only a few aspects are imitated.

Empirical evidence for the first and second path of the model is provided in Chapter 2, where it was shown that moderate similarity resulted in assimilation (path 1). Such moderate similarity copycats will activate a diffuse representation of the leader, which will be used to interpret the copycat and result in a shift towards the positively evaluated leader brand, independent of comparison mode. Even when the leader brand is present (and comparative evaluation is instigated), comparison contrast effects are less likely, as similarity between the copycat and leader brand is not high enough to perceive the present leader brand as a relevant comparison standard (Stapel & Koomen, 1997; Stapel, Koomen, & Van der Pligt, 1997).

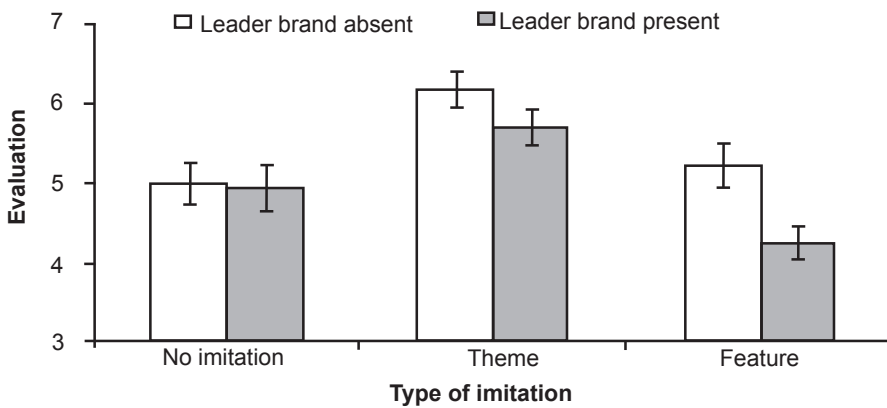
In Chapter 2 it was further shown that evaluation of *high* similarity copycats was, on the other hand, dependent on comparative evaluation (path 2). High similarity copycats were evaluated more positively than moderate similarity copycats, when evaluation was noncomparative. However, when evaluation was comparative, they were evaluated less positively than moderate similarity copycats. It is likely that path 2 was followed despite the fact that many aspects were imitated by the high similarity copycat. Only a moderately distinct, and not a highly distinct, representation was activated as the aspects that were imitated were not so strongly and uniquely associated with the leader brand. For instance, the brand name “Naturain”, which was one of the high

similarity copycats used in Study 2.3., is highly similar to “Paturain” (many letters are imitated) but also refers to, for instance, nature or natural, and is therefore not uniquely associated with “Paturain”. Thus, as these high similarity copycats activate a moderately distinct image of the leader brand, which is not distinct enough to bring about a contrast effect in itself, an additional push is needed for contrast to occur. When the situation is then such that comparative evaluation is instigated (for instance when the leader brand is presented next to the copycat), contrast emerges.

Chapter 3 provided support for paths 1 and 3. Explicit imitation of highly distinctive features, which are very strongly and uniquely associated with the leader brand, retrieves a highly distinct leader brand and leads to contrast without the instigation of comparative evaluation needed (path 3), whereas imitating abstract themes, which are less strongly and uniquely associated and thus activate a more diffuse representation of the leader brand, leads to assimilation (path 1). In a separate study, not reported in the previous chapters, I tested whether comparative evaluation (leader brand present), as opposed to noncomparative evaluation (leader brand absent) would indeed lead (as the model predicts) to an even stronger contrastive judgment when highly distinctive features are imitated (path 3). The evaluation of diffuse theme-imitations should however not be affected by evaluation mode (path 1). As in Study 3.4 (Chapter 3 of this dissertation), participants ($N = 106$) were presented with all three products (the visually differentiated, the theme-based copycat, and the feature-based copycat) for several seconds and were then asked to evaluate each of these packages (nine-point scale). An repeated measures ANOVA revealed an effect of imitation, $F(2, 208) = 12.67, p < .001, \eta_p^2 = .11$ and no interaction between imitation and evaluation mode, $F(2, 208) = 1.67, p = .20, \eta_p^2 = .02$. The planned contrast showed that for both conditions, consistent with the results presented in Chapter 3, the theme-based copycat is evaluated more positively than either the visually differentiated product or the feature-

based product (leader brand absent: $F(1, 104) = 8.69, p = .004, \eta_p^2 = .08$ and $F(1, 104) = 11.77, p = .001, \eta_p^2 = .10$ respectively; leader brand present: $F(1, 104) = 4.24, p = .04, \eta_p^2 = .04$ and $F(1, 104) = 32.38, p < .001, \eta_p^2 = .24$ respectively). More importantly, the results provide evidence for the first and third path of the model: when comparative evaluation was instigated through presence of the leader brand the feature-based copycat was evaluated even more negatively than when evaluation was noncomparative (leader brand is absent), $F(1, 104) = 8.08, p < .001, \eta_p^2 = .07$ (path 3). The evaluation of the theme-based copycat was unaffected by evaluation mode $F(1, 104) = 2.10, p = .15, \eta_p^2 = .02$ (path 1).

Figure 5.2 *Influence of type of imitation and presence of the leaderbrand on copycat evaluation*



Note. Scale ranges from 1 low to 9 high. Error bars indicate +/- one standard error of the mean.

ADDITIONAL COMMENTS ABOUT THE MODEL

Underlying process. The results of this dissertation show that when a copycat prompts a distinct image of the leader brand, contrast will be the result. Such a contrastive judgment either occurs because the distinct representation of the leader brand is used as a comparison

standard, resulting in *comparison* contrast (see Stapel, 2007), or because its activation increases consumers' awareness of the persuasion tactics being used, resulting instead in a *correction* contrast (Campbell & Kirmani, 2000; Friestad & Wright, 1996; Wegener & Petty, 1995). It is possible that both processes play a role in copycat evaluation, as is widely acknowledged in social judgment studies (Maringer & Stapel, 2009; Schwarz & Bless, 1992; Bless & Schwarz, 2010). It may be, however, that the situation in which copycat evaluation takes place determines whether one process is more likely to occur than the other. For instance, when the leader brand is present during copycat evaluation, it is likely that the leader brand will be used as an anchor against which the copycat will be evaluated (Sherif & Hovland, 1961). When, on the other hand, highly distinctive features are imitated that are directly linked with the leader brand, it is more likely that consumers become aware of the imitation tactics being used and correct their positive feelings elicited through the copycat's familiar appearance.

To test more directly whether comparison or correction contrast is the underlying process behind the negative evaluation of copycats, a load manipulation could be used. Important determinants of the occurrence of correction contrast are the perceiver's awareness of the influence (Strack & Hannover, 1996; Wilson & Brekke, 1994, but see Glaser & Banaji, 1999), sufficient cognitive capacity, and motivation (Martin, 1986; Schwarz & Bless, 1992). Inducing cognitive load could provide more insight into the underlying processes, as it would lead to opposite predictions: under conditions of cognitive load, corrections are less likely to be made (as cognitive effort is needed), resulting in positive evaluations, while comparison should not be restrained under load, thus leading to negative evaluations when the leader brand is automatically used as a comparison standard (Gilbert, Giesler, & Morris, 1995; Stapel & Blanton, 2004).

Another way to test whether correction contrast or comparison contrast is the underlying mechanism would be by demonstrating how

evaluation is affected when – although highly hypothetical – a negative, instead of a positive, brand is imitated (e.g., the brand “Lonsdale” which has negative connotations as it is often used by extremist right-wing consumers). When comparison contrast is the underlying process, a copycat that retrieves a highly distinct representation of this negatively evaluated leader brand should be evaluated *positively*. It should, however, be evaluated *negatively* when the results are due to a correction process (and people react, in addition to the negative attitude towards the leader brand, against the persuasion tactics being used).

The activation of leader brand associations. In this dissertation, leader brand associations were to a greater or lesser degree activated through package similarity (amount and type of imitation). Instead of package similarity, the level with which leader brand associations are activated may also be influenced by extremity of the leader brand (strong versus weak brand). Given that extreme standards are more likely to be used as a comparison standard than are moderate standards (Herr, 1986; 1989; Mussweiler et al., 2004; Smeesters, Mussweiler, & Mandel, 2010; Sherif & Hovland, 1961), it is also likely that contrast will emerge when an extreme leader brand (standard) is imitated (e.g., Coca-Cola). Imitation of an extreme leader brand will immediately bring a distinct image of the leader brand directly to mind, independent of comparison mode (third path in the model). When the imitated leader brand is moderate however (e.g., Elève shampoo), a less distinct leader brand will be brought to mind. This implies that it would be more effective for copycats to imitate moderate standards (weaker brands), than extreme standards (stronger brands), which would go against common practice (see also Carpenter & Nakamoto, 1989; Robinson & Fornell, 1985).

Information accessibility through packaging. Unique to this research, and differentiating it from other research dealing with knowledge accessibility effects, is that the target (copycat) and standard (leader brand) are embedded in the same product. The specific packaging features themselves (e.g., the abstract theme or the distinctive features)

retrieved either a distinct or a diffuse representation of the leader brand, influencing evaluation. Priming studies have shown in a myriad of experiments that (subliminal) contextual information determines people's judgments and choices. These experiments are most often conducted in the laboratory, excluded from distractions and other influencing factors. In a supermarket, however, many partially conflicting contextual factors (e.g., the smell of freshly baked bread, the positioning of products, the sound of a crying baby) influence consumers' judgments simultaneously. But it remains largely unclear when one factor will prevail over another and be used in subsequent judgment (Bargh, 2002; Dijksterhuis, Smith, Van Baaren, & Wigboldus, 2005). Knowledge made accessible through packaging, which consumers observe close to purchase, may therefore influence consumers' choices more directly, and may thus have a higher impact on their choices.

SOME THEORETICAL IMPLICATIONS AND PRACTICAL RECOMMENDATIONS

The findings reported in this dissertation have implications for marketing theory and practice. They can provide some important insights into how manufacturers of leader brands can protect their brand against piggybacking and how manufacturers of copycat brands may free-ride most effectively. In addition, the findings demonstrate that some strong beliefs in trademark law might need to be reconsidered.

Focus on blatant imitations. The results of Chapter 2 and 3 demonstrate that blatant imitation (imitation of many aspects or distinctive features) hurts copycats, whereas subtle imitation (imitation of few aspects or abstract themes) helps them, which contradicts the general idea in marketing and legislative literatures. The threat of blatant imitations is typically emphasized, rooted in the idea that copycats coattail more when they show a higher similarity to the leader brand (Howard, Kerin, & Gengler, 2000; Loken et al., 1986; Warlop & Alba, 2004). Instead, this dissertation shows that blatant copycats are likely to be less hazardous, as consumers evaluate these copycats negatively. Furthermore,

manufactures are aware of the potential costs of blatant copycats to their equity and rightfully bring them to court.

Danger of subtle imitations. Importantly, focusing only on the harm done by more blatant copycats prevents legislation and marketing from understanding the potential dangers of more subtle forms of imitation. The free-riding of subtle copycats may go unnoticed, as such imitation is more diffuse and less tangible, and the positive influence may therefore remain undetected by consumers. Moreover, the survey conducted under lawyers (see Chapter 2), unmistakably illustrated that subtle copycats are largely dismissed by trademark legislation. Such subtle imitations are altogether not perceived as being problematic, as the packaging is not similar enough to prove the likelihood of confusion, and it is likelihood of confusion that trademark legislation focuses on. As a case in point, the court did not regard the dark purple color of Cadbury's chocolate wrapper, which was copied by Darrell Lea chocolate, as distinctive enough to protect Cadbury's against the use of its color (Cadbury Schweppes v. Darrell Lea 2008), whereas it is in fact these subtle imitations that are liked by consumers.

Some recommendations for leader brand owners. The results suggest manufacturers to invest in package designs with specific and distinctive features and not in packages displaying abstract themes. Investing in visually unique and distinctive package designs seems to be a powerful tool to ward off imitation attempts of other brands. Furthermore, it is the distinctive features of brands that are protected by law (DigiPos Store Solutions v. Digi International, 2008; Jacoby, 2001). Distinctive brands with strong and unique associations set themselves apart from others and leave the consumer with no doubt of the source of the product. Take, for instance, the example of Mars. It is not surprising that retailers have until now not succeeded to imitate the Mars bar successfully. For years, Mars has built up very strong and unique brand associations by staying close to its original features: the black wrapper and red-golden, caramel-like lettering. Imitating these distinctive features

is likely to bring a distinct image of Mars to mind, resulting in a lower liking of the copycat. Thus, manufacturers should invest in distinctive, innovative products and undertake immediate action when their brand's distinctive features are being imitated.

Furthermore, the research in this dissertation points out that the possible threat of blatant imitations for leader brands may be further reduced through instigating direct comparisons between leader brand and copycat. This can be achieved, for instance, by making small changes in the ways products are arranged on the shelf, such that the copycat and the leader brand are placed next to each other or are in the same visual field (see also d'Astous & Gargouri, 2001; Sayman, Hoch, & Raju, 2004). Other ways to invite comparisons could be through instigating processing by attribute, instead of processing by brand (Bettman, Luce, & Payne, 1999), or through advertising national brands next to store brands.

Some recommendations for copycat manufacturers. First, even though it seems to be more beneficial to imitate brands with strong brand equity, to be very highly similar, or to copy highly distinctive and recognizable features explicitly, this dissertation demonstrates that such a copycat strategy is riskier and less effective. The current results indicate that it is instead more advisable for copycat manufacturers to imitate aspects of the leader brand's packaging that are less strongly and uniquely linked with the leader brand in order to profit most. Imitating themes, for instance, is more effective, as it activates positive feelings, but does not raise questions of sincerity, due to its diffuseness. Some brands lend themselves more to this sort of subtle theme imitation than others. It will for instance be easier to imitate and profit from a brand like "Greyhound" (bus company), whose name hints at a quality or character of the product, i.e., the fast nature of the service, than from the highly distinctive, newly invented brand name "Xerox" (copy machines). When the inferred attribute of the "Greyhound" bus company is imitated by introducing the brand name "Fast tiger" (with a leaping tiger as its logo),

it is likely that this brand will not be sued for trademark infringement, as the name itself is different, but it will still be able to piggyback on the activated associations attached to the speedy greyhound.

Second, besides the recommendation to imitate subtly instead of blatantly, it is further advisable for copycat manufacturers to physically position the copycat further away from the leader brand at the point-of-purchase. Copycats seem to thrive best when comparisons are avoided, which could be achieved by placing the copycat on a different shelf or in a different part of the store, so that negative evaluations of highly similar copycats can be avoided and free-riding is facilitated. Third, in Chapter 4 it was shown that when consumers feel uncertain about the product quality, obvious resemblance is liked instead of disliked, as it provides consumers with familiar cues they are searching for. This implies that discount stores are the ideal circumstances for copycat brands to be successful, where leader brands are lacking and consumers are likely to feel uncertain about the quality of the products.

Some recommendations for lawyers. In the legal arena, a trademark will be sued for infringement only when the likelihood of confusion can be proven. However, the likelihood of confusion is expected to be small when brands (often store brands) have their own corporate brand name and a specific packaging style across categories. Importantly, also under conditions of low (or nonexistent) likelihood of confusion, copycats can still profit from their imitation strategy. Even when consumers know perfectly well that the copycat is not produced by the same manufacturer as the leader brand, they can still mistakenly infer quality, reliability, and trustworthiness from packaging similarity. As Warlop and Alba (2004, p. 21) rightly noted: “Lack of confusion does not imply a lack of psychological response.” Recently, the outcome of a legal case between L’Oreal and Bellure (2008) led to a new direction being set in trademark law, recognizing the importance of “just” free-riding without bringing about brand confusion. The court ruled in this case that although there was no likelihood of confusion, “Bellure had been

using L'Oreal's marks to "free ride" and to take advantage" (Bristows, 2008). This is significant, as without such recognition, leader brands are left unprotected against less blatant types of copycats, even though their brand equity is still corroded.

Another important issue to address here is that there seems to be a discrepancy between what lawyers believe consumers' attitudes towards copycats are and what consumers' true attitudes are. In Chapter 2, we demonstrated that lawyers believed that consumers would evaluate high similarity copycats more positively than moderate and low similarity copycats when the leader brand was present. However, in reality, consumers liked high similarity copycats *less* than moderate similarity copycats. These results demonstrate that there is a mismatch between the belief that lawyers have about consumers' attitudes towards copycat brands and consumers' actual attitudes. Another such mismatch was demonstrated in an additional experiment on categorization effects not reported in this dissertation. The results of this study showed that lawyers ($N = 49$) incorrectly believed that consumers would evaluate a blatant copycat of the Milka chocolate brand just as positively when it was presented in the core category of the leader brand (milk chocolate) as when it was presented in a different but related category (chocolate spread), $M_{\text{Choc}} = 5.80$ $M_{\text{Spread}} = 5.64$, $p = .79$. But in fact, consumers ($N = 50$) evaluated the Milka copycat more negatively in its core category ($M = 3.85$) than in its related category ($M = 4.96$), $p = .04$.

The illustration of these discrepancies between what lawyers believe consumers' attitudes are and what consumers' true attitudes are, points to two issues. First, it shows that it is important that lawyers do not decide whether a brand is infringed upon in an isolated context (Mitchell & Kearney, 2002; Van den Berg, 2006), but that they take contextual variables into account. How the products are positioned on the self (are copycat and leader brand presented next to each other or not?) and the category in which the copycat is introduced (in the same product category as the imitated leader brand or in a different,

yet related, product category) importantly influence how the copycat is evaluated. Second, it is advisable for lawyers and judges specialized in trademark infringement not to base their judgments on their own intuition (Visser, 2008), but to include consumers' attitudes towards copycats in their final judgment.

FUTURE DIRECTIONS IN COPYCATTING RESEARCH

In this dissertation, several important aspects in the domain of copycatting have been explored, but there are some unexplored areas which may spur people to further explore this interesting topic. Here I will touch upon three of these issues.

Impact on the leader brand. The studies presented in this dissertation illustrated how copycats gain or lose from their resemblance to the leader brand in favor of other copycats or other visually differentiated products. However, it was not tested how the market sales of the leader brand are affected by the presence of different types of copycats. It would be of interest to investigate whether the leader brand will be negatively affected when copycats are evaluated positively (and thus indeed eat away at the leader brand's market share), whether the leader brand will be positively affected when the copycat is evaluated negatively, or whether the evaluation of the leader brand will remain unaffected. This last outcome may be due to loyalty, status concerns, or the quality guarantee associated with the leader brand. Nevertheless, copycatting practices can, independent of changes in leader brand evaluation, be detrimental to the leader brand through trademark dilution (Morrin & Jacoby, 2000; Morrin, Lee, & Allenby, 2006). Trademark dilution harms the leader brand by decreasing its capacity to distinguish itself, thereby corroding its distinctiveness and brand equity.

Effect of price. This dissertation investigated how systematic manipulation of packaging similarity and the context in which the copycat was evaluated, influenced the evaluation of copycats as compared to other copycats or visually differentiated products. One aspect not

considered in these studies is price. The success of copycats can largely be attributed to the quality inferences made from trade-dress similarity *in combination* with their lower price. Indeed, Warlop and Alba (2004) showed that lower priced, high similarity copycats were preferred over equally priced, high similarity copycats. Including price in the equation, however, would not change the current findings. The results of Chapter 2 and 3 show that, *ceteris paribus*, subtle imitations are evaluated more positively. Thus, assuming that all evaluated products were, aside from their differences in imitated packaging features, equal in price, quality perception, and ingredients, subtle imitations were preferred to blatant imitations. This implies that even though copycats are likely to eat away more market share from the leader brand when the price difference between copycat and leader brand is high, cheaper, subtle copycats will eat away more than cheaper, blatant copycats will.

It would be of interest, however, to study the interactions between similarity and price. Because price, like similarity, can serve as a signal for quality (Srivastava & Lurie, 2004; Zeithamel, 1988), it may be that a low price in combination with high similarity will be perceived as a “cheap imitation” and heighten people’s awareness of the copycat strategy being used, resulting in a negative evaluation. When, on the other hand, the price of the same high similarity copycat is high, both package similarity and high price may signal quality, resulting in a positive evaluation.

Categorization. As was illustrated above, category activation may play a pivotal role in copycat evaluation. Another interesting avenue for further research would be whether a copycat strategy is more effective when the copycat and imitated leader brand belong to the same category (both orange juices), or when they are assigned to different categories (orange juice and milk drink), but are still classified under the same superordinate category (both a drink). A certain overarching dimension is necessary to fit both products and for similarity to exert its influence. However, assigning products to the same small (subordinate) category,

will be more likely to invite comparisons, as products or persons that are highly similar are more likely to be compared and to be excluded from the category (Schwarz & Bless, 1992; Stapel & Koomen, 1997; Stapel & Winkielman, 1998), resulting in contrast. When they are assigned to broad, superordinate categories, the copycat and leader brand would be compared on the basis of more abstract and general attributes (Loken & Ward, 1990; Johnson, 1989), which is more likely to result in assimilation. This would, counter-intuitively, imply that it would be a wiser strategy to imitate the leader brand in a related, but different category, than in its core category.

TO CONCLUDE

This dissertation gives some new insights into when copycat strategies are successful, and why. By taking a different perspective and looking at this prevalent marketing phenomenon, by focusing on free-riding instead of consumer confusion, we show that imitation strategies repetitively applied by copycat manufactures – imitating highly distinctive features and being very similar – were shown not to be the most effective strategies. As such, we have broken the mould on copycats

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SUMMARY

Imagine you are in the Albert Heijn supermarket to buy some peanut butter. You make your way to the peanut butter section and decide which brand to buy. Next to the leading brand peanut butter, Calvé, you see Albert Heijn peanut butter. You notice that the packaging of both Albert Heijn and Calvé peanut butter has many similarities (like the blue, plastic lid, the white-brown label and the glass jar), but is also clearly different through Albert Heijn's usage of its corporate house style. You do not confuse the two, as you are fully aware that Albert Heijn peanut butter is not Calvé peanut butter. However, you do feel attracted to Albert Heijn peanut butter, as the package gives you positive feelings induced by its familiar appearance. Assuming you do not want to buy Calvé peanut butter, would you buy Albert Heijn peanut butter instead of another peanut butter that is equally attractive, but does not show any similarities with Calvé peanut butter? In other words, is Albert Heijn's imitation strategy effective?

Imitations are abundant and a familiar sight to consumers. Supermarket products often copy the name, logo, and/or the package design of national leader brands. As such, these "copycats" try to free-ride on the positive associations (like quality and reliability) attached to these leader brands. Copycatting is perceived as a form of unfair competition against which legal action is undertaken when the likelihood of confusion (consumers accidentally purchasing the copycat instead of the leader brand) is high. Due to the focus on confusion, the extant literature on copycatting has emphasized the threat of highly similar copycats and concentrated solely on the effects of package similarity, without taking into consideration the context in which the copycat is evaluated. However, as in the example above, it is often unlikely that consumers are confused when the copycat, although similar, also shows clear differences with the

leader brand. But even in absence of confusion, copycats may still profit from the leader brand by free-riding on its positive associations. By taking a different stance and focusing on the effectiveness of a copycat strategy due to free-riding instead of on confusion, this dissertation provides some new and counterintuitive insights: It shows that highly similar copycats are sometimes less hazardous than is often believed and, in addition, that subtle imitations can be more effective than blatant ones. Furthermore, it demonstrates that the effectiveness of a copycat strategy is not only determined by package similarity, but is highly dependent on where the copycat is sold (e.g., in which store) and how it is positioned on the supermarket shelf (e.g., next to the leader brand or not).

Chapter 1 of this dissertation provides a theoretical overview. Chapter 2 to 4 report empirical tests investigating the question: What makes copycat strategies effective and why? The different hypotheses were tested in various product categories by using lawyers, students, and household panels as samples; by using brand names and packaging as stimuli; and by using survey and experimental designs.

In Chapter 2 the current belief in the copycatting literature, that the higher the similarity between the copycat and the leader brand, the higher the liking of the copycat, is challenged. The first study demonstrated that copycats only profit from high resemblance with the leader brand, when evaluation is noncomparative (i.e., when the leader brand was not present during copycat evaluation). When evaluation was however comparative (i.e., when the leader brand is presented next to the copycat), brand names with highly similarity (“Vintolli”) to a leading brand (“Bertolli”) were evaluated more *negatively* than brand names with low similarity (“Lucini”). In Study 2.2 participants were asked to evaluate brand packages showing either a low, moderate, or high similarity with the leader brand. The results demonstrated in addition to the results of Study 2.1, that when the leader brand was presented next to the copycat, the high similarity copycat was not only evaluated

negatively, but that the moderate similarity copycat was evaluated most positively. In Study 2.3 it was proven that the results generalized to a non-student sample (household panel of 542 consumers representative of the Dutch population) and to different product categories.

Chapter 3 focus is not on *how much* is imitated (the amount of aspects that are imitated), but rather investigates whether *what* is imitated (the specific aspects that are imitated) influences copycat evaluation. In the market you may find two types of copycats: feature-based copycats that directly imitate the distinctive perceptual features of the leader brand (e.g., Milka chocolate's purple wrapper) or theme-based copycats that imitate the abstract theme communicated by the leader brand (i.e., "freshness of Alpine milk" communicated by the Milka brand). The majority of copycats in the marketplace are feature-based copycats. Against this common practice, we hypothesize that feature-based copycats are less effective. The direct imitation of distinctive perceptual features activates a clear and vivid representation of the leader brand which heightens consumers' awareness of the insincere tactics being deployed, resulting in a negative evaluation. Such awareness is however less likely when abstract themes are imitated that are more subtle and less tangible.

Study 3.1 and 3.2 tested the basic effect in two different product categories. In the first study participants were told that the aim of the study was to evaluate the package of a new entrant in the product category "milk chocolate". Next, they were asked to evaluate; either a feature-based copycat which had imitated the specific features of the Milka brand (the lilac color, a Milka-like cow, and the creamy letter-type); a theme-based copycat which had imitated the theme communicated by the Milka brand (i.e., an Alpine valley with cows grazing on the lush slopes of a meadow), or a visually differentiated product that showed no similarity in package design with the leader brand. The results confirmed the hypothesis and showed that copycat evaluation was dependent on the type of imitation: theme-based copycats were evaluated more positively than feature-based copycats and

visually differentiated products. Study 3.2 demonstrated that this result is robust and could be generalized to another product category.

Study 3.3 was set up to investigate the underlying mechanism of the basic effect and demonstrated that the feature-based copycat immediately heightened awareness of insincere tactics, and was rated by consumers as insincere and unacceptable. The theme-based copycat was, on the other hand, rated as sincere as the product that did not show any similarities with the Milka brand. In Study 3.4 it was shown that the positive evaluation and the higher choice of the theme-based copycat was indeed caused by increased positive feelings due to its familiar appearance, but a lower awareness of the imitation strategy being used. These results thus demonstrate that besides amount of imitation, imitation type matters and that, against what is most frequently seen in the market place, imitation of abstract themes is a more successful imitation strategy than the imitation of distinctive perceptual features.

Chapter 2 and 3 focus on how degree of similarity between the copycat and leader brand (how much is imitated and what is imitated) determine copycat evaluation. While Chapter 4 investigates instead on how specific shopping situations influence the evaluation of the same copycat. In this chapter it is shown that copycat evaluation is critically dependent on contextually induced uncertainty. The idea was tested that when consumers feel uncertain about product quality, copycats can serve as uncertainty-reducing devices, as they give a sense of familiarity that consumers rely on when feeling uncertain.

In the first study, participants were instructed to imagine that they were looking for a café to drink a coffee after a long day of walking around in either Beijing, China, or in Tilburg, Netherlands. They were asked to evaluate the logos of two coffee shops they saw in the street: a logo that showed many similarities with the Starbucks logo and a logo that showed none. The results revealed that when people imagined being in Beijing, the coffee shop with the copycat logo was evaluated more positively and chosen more often than the coffee shop with the

visually differentiated logo. However, the Starbucks copycat logo was evaluated negatively when people imagined being at home. The results showed further that participants evaluated the copycat-logo positively when imagining to be abroad, even though they were fully aware of the imitation strategies being used. This is remarkable as such awareness normally leads consumers to react against copycats (see Chapter 2).

In Study 4.2 an alternative explanation of the results was ruled out and in Study 4.3 it was demonstrated that the same effects appeared when people were asked to imagine to do shopping in a discount store (e.g., Aldi), where consumers are likely to feel more uncertain about product quality, as compared to when they were asked to imagine doing shopping in a high-end store (e.g., Albert Heijn XL). The same effects were found in the last study, in which uncertainty was manipulated directly, instead of indirectly through specific situations (being abroad or doing shopping in discount store) and provide as such direct support for the underlying “uncertainty reduction” mechanism. These results importantly add to the literature as they underline the necessity – besides investigating the effect of package similarity – to take the circumstances under which copycat evaluation takes place into account, in order to fully understand copycat effects.

Taken together, this dissertation shows that whether an imitation strategy is effective depends on *both* similarities in packaging *and* the circumstances under which the copycat is evaluated. Because it examined the mechanisms underlying copycat effectiveness beyond consumer confusion its findings supplement the existing literature by showing that extreme copycats can backfire and reduce consumer’s liking of copycats whilst subtler forms of copycatting can free-ride more effectively. With this dissertation, we break the mould on copycats and show that the mould most often used in copycatting practice is not necessarily the most successful.

ACKNOWLEDGEMENTS

*Exerting yourself to the fullest within your individual limits:
that's the essence of running, and a metaphor for life*

Haruki Murakami

Writing a dissertation is like running a marathon. For both you need to have pleasure in what you are doing, to be internally motivated and to have a huge dose of endurance and discipline. These ingredients are essential to run 80 km a week, to cope with the pain in the last kilometers of the race, to sit behind your computer for many days in a row, and to write, rewrite, and rewrite your paper once again. Searching your limits and taking out your full potential is for me as much the essence of running, as it is of writing this dissertation. But, as with running a marathon, you need more than these start-up ingredients to accomplish a PhD.

To become a good runner and to be able to endure the hardships of the race, the first thing you need are excellent trainers. Trainers who guide you, who know how to stimulate and inspire you, and who know what is needed to achieve a good end-result. Luckily, I was blessed with two such excellent trainers. Diederik, it was a true pleasure to work with you. Your intelligent, creative, and quick mind is an inexhaustible resource, which I was very grateful to tap into and learn from. With your warm and personal supervision you stimulated me to become an independent researcher. You never failed to inspire me. Rik, I have been very lucky to have had you as the expert introducing me into the field of marketing. The amount I learned from your broad and in-depth knowledge, your exceptional sharpness, and motivation to achieve excellence is immeasurable. You stimulated me to find my

limits and to push myself even further. For the training and knowledge I received from both of you I am indebted and gratefully taking with me on the road ahead.

Of course, to undertake something that is both physically and mentally demanding, you also need a good team around you. A team that is stimulating, motivating, and fun. I could not have wished for a better team and training environment than Tilburg University. Entering a new discipline, I was delighted to find a marketing department that was open, stimulating, and intellectually challenging. It was a joy to have the opportunity to listen, discuss, and learn from the many great minds congregated in this group. Within the team I was lucky to be able to share my daily life and love for music with Barbara, Ellen, Hans, Nicole, and Roger; to share my passion for running with Davy, George, Maciej, Robert, and Rutger (although I suspect it was less of a passion for them); and to share the joys, frustrations, and accomplishments of writing a Ph.D. with Anne, Didi, Johanna, Mark, Millie, and Néomie. A special mention to Carlos, my very dear friend, who is so similar that only a few words suffice to understand what is going on. And Jaione, my marvelous paranimf – your positivity, care, and warmth is exceptional.

Even though I was officially not part of the psychology department, I always felt very welcome at the other side of the campus. A special mention to Marijn, Marret, and Yana, who were with their individual charms a very positive addition to my daily life in Tilburg. TIBER formed a bridge between the two departments. Together with Carina, Kirsten, and Marret it was very special to be part of the launch of this new institute. Around Diederik's table, we witnessed the group grow, both in its members and in its eminence. The TIBER lab-meetings inspired me greatly and always kept me on (the running) track. I now look forward to my new chapter in Cologne, working together with my colleagues who have already made me feel very welcome. Thank you Thomas for giving me this opportunity.

Along with excellent trainers and a strong team, you also need support along the way, which for me came in many guises. Not only from Simon who assisted me with the design of the stimuli used in my research, but also from Ine for the layout of my dissertation, and from Erica and Neil for editing my work. To all of them I am very grateful. Jesse introduced me into the world of intellectual property and provided valuable insights on my work from a lawyer's point of view. To replenish my batteries, I am indebted to my wonderful friends back in Amsterdam: relaxing on the yogamat with Janneke, dancing in one of Amsterdam's nightclubs with Heleen and Annemare, drinking long coffees with Louke, enjoying the sun with Ellen, talking about past travels with Marianne, discussing science with Danielle, and watching bands with Joris.

Besides these very special friends, I am very lucky to have a great family supporting me: Bart, Janna, and Daan, and most importantly the three strong women to whom this book is dedicated to: My grandmother Nellie, whose standing in life at nearly 103 years old is remarkable and a great inspiration. Oma, wat een krachtig en geweldig mooi mens ben je toch. My mother Liesbeth, your unconditional love, understanding, and trust in me have been, and are, invaluable. And my sister, and paranimf, Neeltje, through your support and loving words I have been able to grow in strength and achieve this wonderful goal. But the most important to me in this race from start to finish has been Neil, the spark of my life. With your humor, warmth and sharp insights you brought a lot of light into my life and made me a fuller person. With you, and our child on the way, I feel complete.

And finally my father, although not there in person to support me, he ran along with me, all the way, always.

Femke van Horen
Cologne, July 2010

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